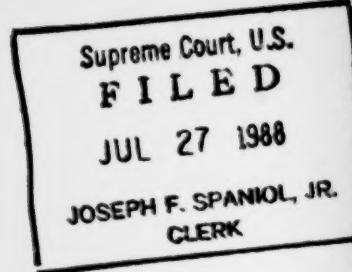


88-224 ①

NO. _____



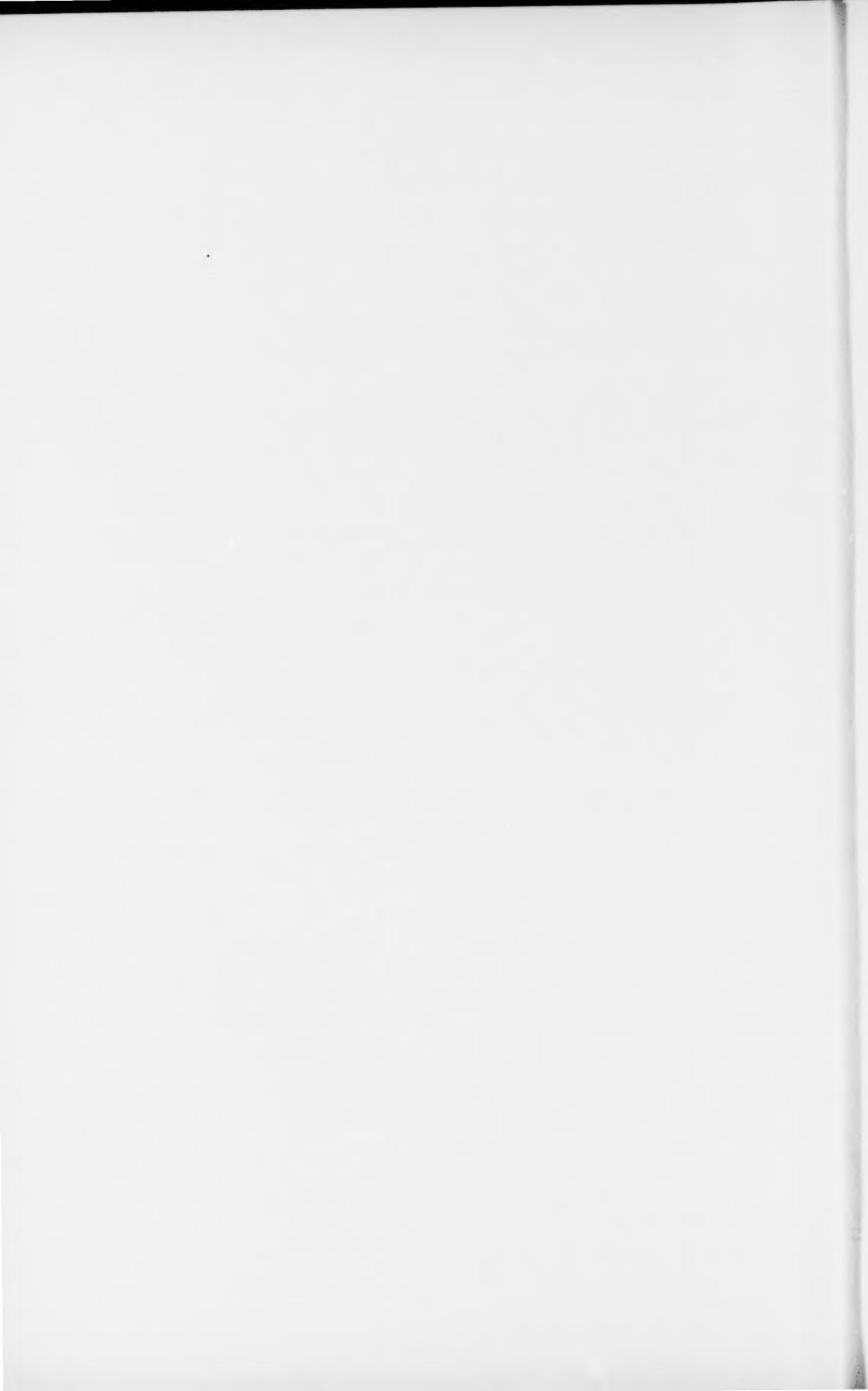
IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1988

MICHAEL T. HULL,
Petitioner
vs.
ATTLEROBO SAVINGS BANK,
Respondents

PETITION FOR A WRIT OF CERTIORARI
TO THE SUPREME JUDICIAL COURT OF
MASSACHUSETTS

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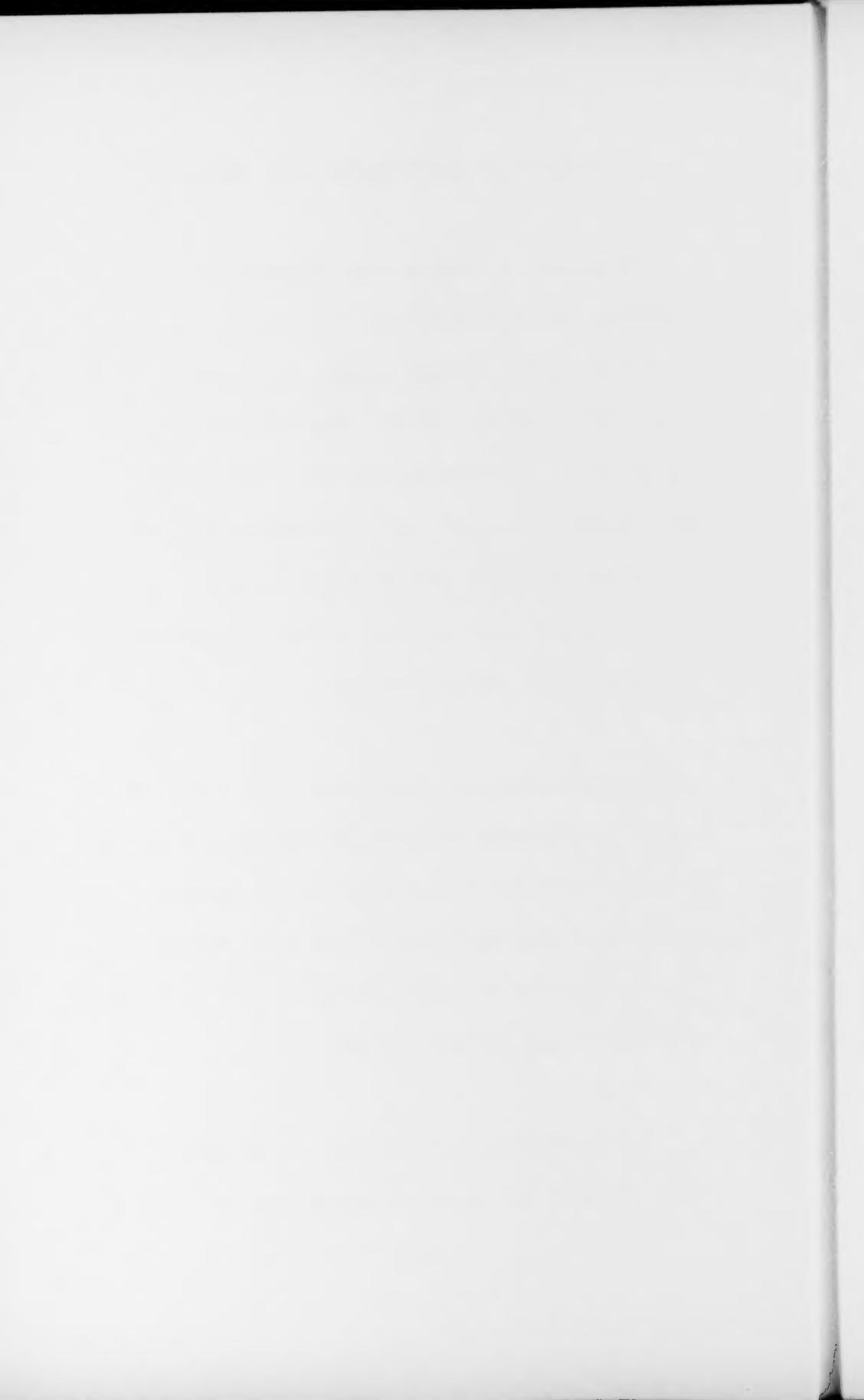
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QUESTIONS PRESENTED FOR REVIEW

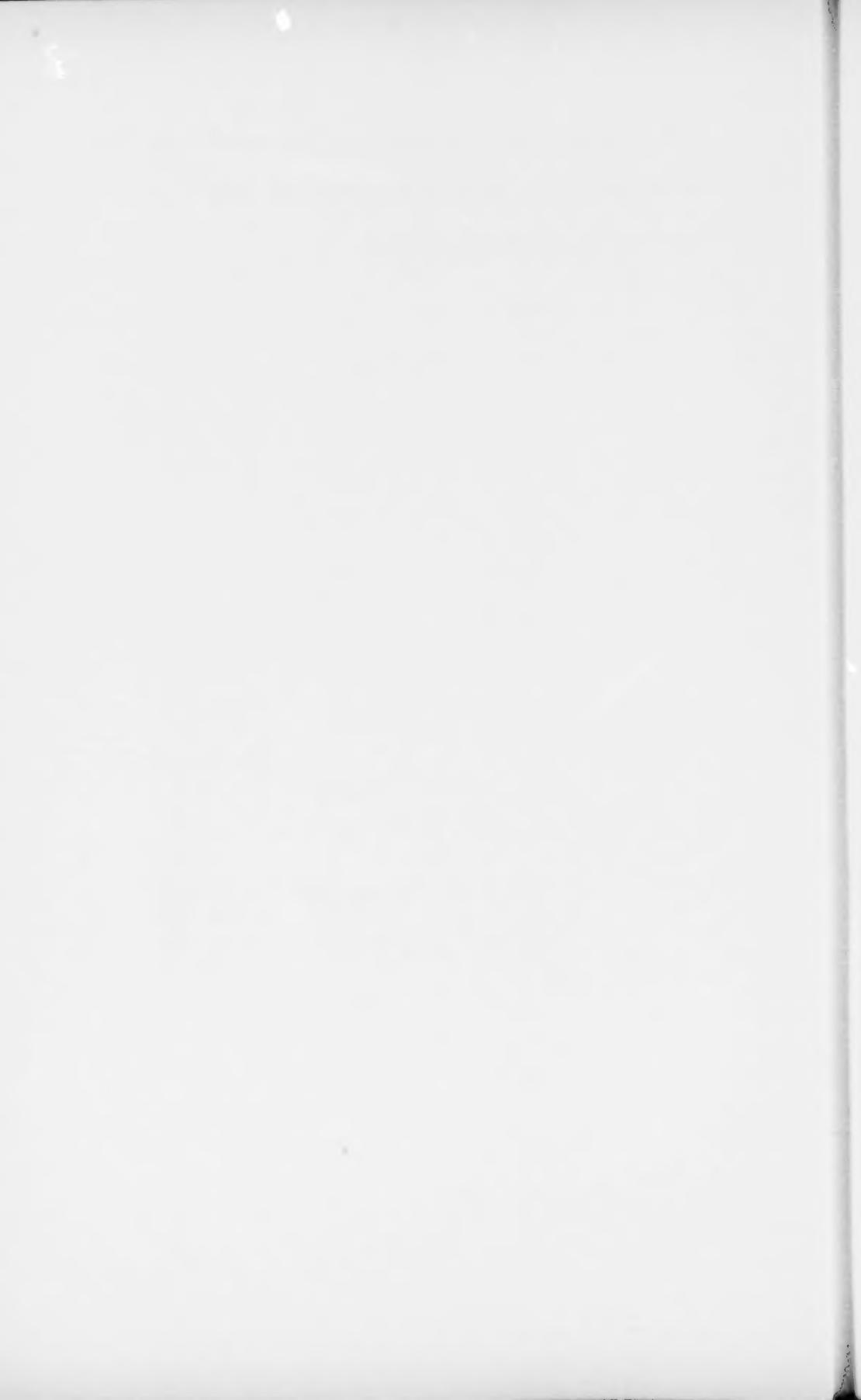
1. Whether a court may summarily dismiss an incompetent mortgagor's due process claim under Covey v. Somers, 351 U.S. 141 (1956) where the affidavit and deposition testimony allege that the mortgagee knew of his incompetence at the time of the court-sanctioned foreclosure and he was later adjudicated to have then been insane?
2. Alternatively, whether the rule of Covey v. Somers should be extended to an unrepresented, incompetent mortgagor where his incompetence was not known to the mortgagee or the state court but was subsequently adjudicated?
3. Alternatively, whether the Covey rule should be clarified so as to place

(i)



the burden on a foreclosing creditor to
show that it did not know of the
debtor's incompetence?

(ii)



STATUTES AND AUTHORITIES

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NO. _____

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1988

MICHAEL T. HULL,

Petitioner

vs.

ATTLEBORO SAVINGS BANK,

Respondents

PETITION FOR A WRIT OF CERTIORARI
TO THE SUPREME JUDICIAL COURT OF
MASSACHUSETTS

The petitioner, Michael T. Hull,
respectfully prays that a writ of
certiorari issue to review the judg-

ment of the Supreme Judicial Court of Massachusetts entered on April 28, 1988.

OPINIONS BELOW

The Supreme Judicial Court of Massachusetts entered its decision, without opinion, denying further appellate review of the petitioner's appeal on April 28, 1988. A copy of the decision is attached as Appendix A. 402 Mass. 1102, ____ N.E.2d ____ (1988).

The Massachusetts Appeals Court entered a memorandum decision, affirming the entry of summary judgment against petitioner, on October 30, 1987. A copy of the memorandum and order are attached as Appendix B. 25 Mass.App.Ct. 1104, 514 N.E.2d 864 (1987).

On rehearing, the Appeals Court entered a modified decision on February 23, 1988. A copy of the opinion and order is attached as Appendix C. 25 Mass.App.Ct. 960, 519 N.E. 2d 775 (1988).

The Massachusetts Trial Court, Superior Court Department, entered an unreported memorandum decision, granting summary judgment against the petitioner on all claims, on February 25, 1986. A copy of the memorandum and order is attached as Appendix D.

JURISDICTION

On April 28, 1988 the Supreme Judicial Court entered a judgment denying petitioner's application for further appellate review of his



appeal. App. A.¹ The jurisdiction of this Court is invoked under Title 28 United States Code, Section 1257(3).²

**CONSTITUTIONAL PROVISIONS
INVOLVED**

1. The Fourteenth Amendment to the Constitution of the United States.

STATEMENT OF THE CASE

The petitioner brought a pro se civil action in 1985 to set aside the October 1982 foreclosure of a bank mortgage on his home. He alleged in his complaint and an amended

¹ See Title 28 United States Code, section 2101(c).

² No other petitioner is involved in this petition. The additional respondents are Edward F. Casey, Edward J. Casey and Maria Y. Casey.



complaint that he was adjudicated in 1984 to have been mentally incompetent from 1980 to 1984; that the foreclosing bank knew at the time of the foreclosure that he was incompetent; that the defendant purchasers of the property also knew of his incompetence; and that the sale price was only half of the fair value of the house.

The foreclosure sale was conducted pursuant to an authorizing judgment of a state court. Based upon this state action, and relying upon the authority of Covey v. Somers, 351 U.S. 141 (1956), the petitioner's complaint and amended complaint claimed, inter alia, that the foreclosure sale was invalid because his federally protected right to due process of law had been



violated in the circumstances, in that no guardian had been appointed to protect his property interests in the foreclosure proceeding.

The petitioner's complaint also alleged various state-law grounds for setting aside the foreclosure, which are not the subject of this petition.

The defendants moved for summary judgment on the basis of the pleadings and excerpts from the petitioner's pro se deposition.

The petitioner filed affidavits in opposition to summary judgment. In the affidavits and in his deposition testimony, he and others alleged as follows on the issue of his incompetence (Appendices E, F):

1. That two months before the sale, one Richard Costa, an agent of the second mortgagee,



had told an officer of the foreclosing first mortgagee that the petitioner was "mentally ill," "crazy", and "not playing with a full deck." App. F, pp.F-1, F-2.

2. That the respondent and ultimate purchaser, Edward F. Casey, had stated before the foreclosure sale to one Robert Pontarelli that the petitioner was "crazy." App. E, pp. E-2, E-3.
3. That, in the two months preceding the foreclosure sale, a local newspaper had reported that the petitioner had been indicted for various crimes, held without bail for psychiatric evaluation, and hospitalized for "emotional



problems" and depression.

App. C.

4. That he was adjudicated in 1984 to have been insane since March 1980 and continuing until the 1984 adjudication.

The respondent Attleboro Savings Bank, which had foreclosed its first mortgage, filed no affidavits to deny that it had known of petitioner's incompetence. The other respondents (the Caseys, subsequent purchasers) filed affidavits denying that they had known of petitioner's incompetence.

On these facts, the trial court granted summary judgment against the petitioner on all claims. App. D.

On a timely appeal to the Massachusetts Appeals Court, petitioner asserted his federal due process



claim in his brief and reply brief,
and at oral argument.

In its first decision, rendered October 30, 1987, the Appeals Court affirmed the decision of the trial court on all claims. App. B. The court disposed of the due process issue in one sentence: (App. B, pp. B-10, B-11):

Appointment of a Guardian.

"Reading as generously as possible the affidavits presented by the plaintiff which speak to certain emotional problems he was experiencing during the time period material hereto (A. 102-103), we conclude as matter of law that those statements are insufficient to raise a factual question

whether the plaintiff's due process rights were violated by the bank's failure to assure that he could comprehend the nature of the foreclosure proceedings. Compare Covey v. Somers, 351 U.S. 141, 145-146 (1956); Commonwealth v. Olivo, 369 Mass. 69-70 & n.6 (1975)."

On a timely petition to the Appeals Court for rehearing, the petitioner again asserted his due process claim. The Appeals Court granted rehearing and rendered a second, modified decision on February 23, 1988. App. C. In this decision, the court reversed the trial court's decision on the state-law issue of statutory notice, but again affirmed

the dismissal of the federal due process claim. App. C. at pp. C-8 - C-12, 25 Mass.App.Ct. 960 at 961-962, 519 N.E. 2d 775 at 776-777 (1988).

On a timely application to the Massachusetts Supreme Judicial Court for further appellate review of the second, modified decision of the Appeals Court, petitioner again pressed his due process claim. The Supreme Judicial Court denied review without opinion on April 28, 1988.

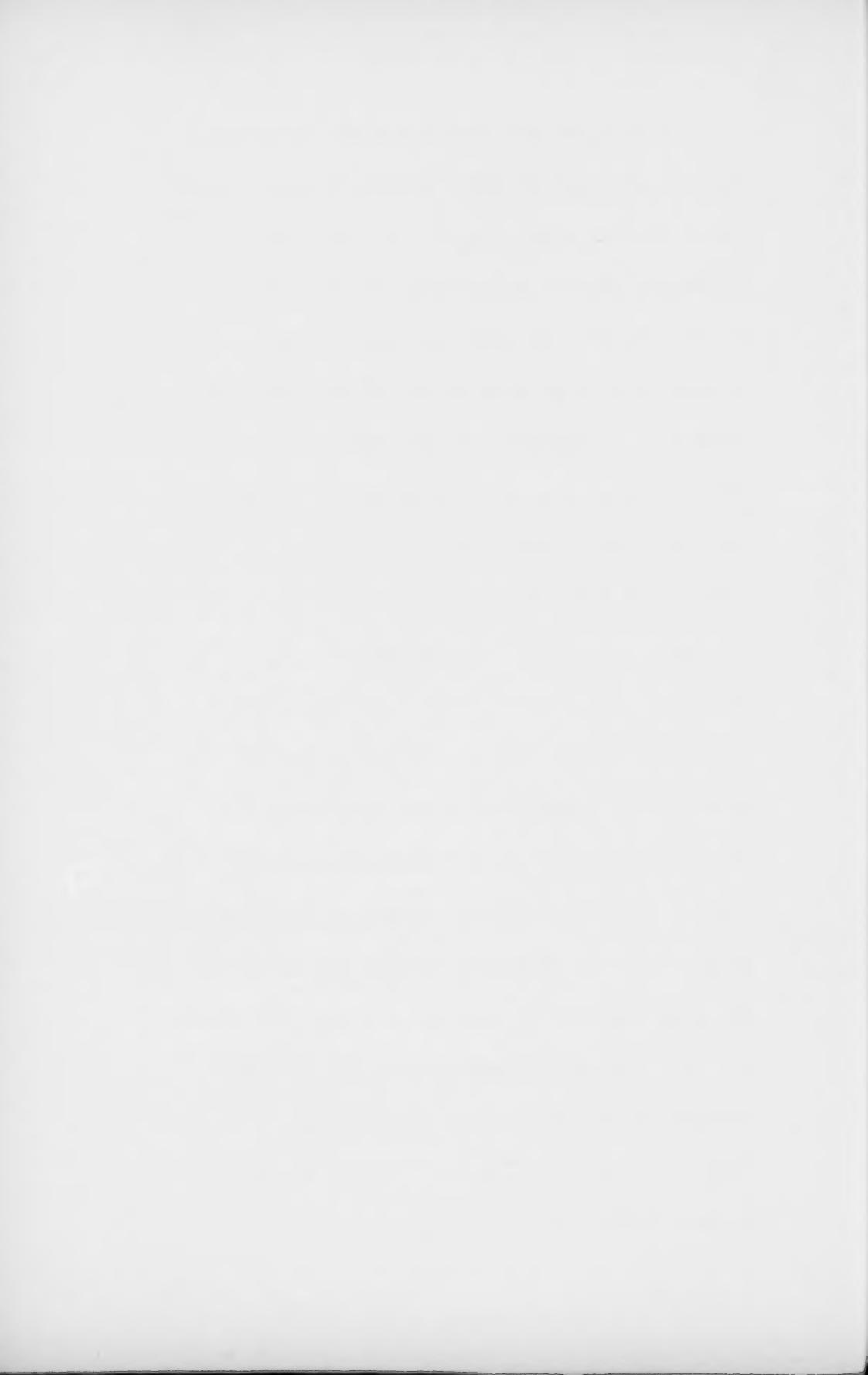
App. A.³

³ The Supreme Judicial Court let stand the Appeals Court's reversal of summary judgment on the state-law question of statutory notice under M.G.L. c.244 sec. 14 and that issue is now pending before the trial court. Thus, there has not been a final judgment on all issues in the case. However, the state courts have rendered a "final judgment" on the federal claim for jurisdictional purposes under 28 U.S.C. §1257. Cox Broadcasting Corp. v. Cohn, 420 U.S. 469 (1975).



Inasmuch as the Supreme Judicial Court denied review without opinion, this Court must look to the two Appeals Court opinions to discern the basis on which petitioner's due process claim has been dismissed on a summary judgment which was based upon the pleadings, the plaintiff's pro se deposition, and the affidavits referred to above.

In its first, one-sentence opinion on the federal claim, the Appeals Court seems to have taken the obviously mistaken view that the petitioner had not adduced enough facts to raise, for summary judgment purposes, a genuine issue of whether he was mentally competent at the time of the foreclosure. The claim was dispatched as merely alleging "emotional problems." App. B. at pages B-10, B-11. -12-



In its modified opinion on rehearing, the Appeals Court implicitly recognized that petitioner had indeed shown enough facts to raise a genuine issue of his incompetence. App. C. at pages C-8 - C-12, Mass.App.Ct. at 961-962. This opinion instead seems to be based on the insufficiency of facts sufficient to warrant a trial on whether the respondents had known of petitioner's incompetence, thereby giving rise to a duty to inquire further and to seek the appointment of a guardian.



**REASONS FOR GRANTING
THE WRIT**

The state court decision directly conflicts with the holding of Covey v. Somers, 351 U.S. 141 (1956).

In both of its opinions, the Massachusetts Appeals Court has decided the due process issue against the petitioner on a record which sets up facts falling directly within this Court's holding in Covey v. Somers, 351 U.S. 141 (1956). In that case, as in this case, the petitioner was a known incompetent at the time her property was taken by state action, and was later adjudicated to have been incompetent at that time.

The Appeals Court has cited Covey in both of its decisions, yet it has twice stated in conclusory fashion

that the facts adduced by the petitioner are insufficient to raise a factual question whether his due process rights were violated by the bank's failure to assure that he could comprehend the nature of the foreclosure proceedings, or its failure to seek the appointment of a guardian. The Appeals Court has not distinguished this case from Covey, and in both of its decisions it has ignored the record facts that the foreclosing bank and the respondent purchasers knew of his incompetence.



Those facts, together with the undisputed fact that the petitioner was adjudicated insane in 1984,⁴ bring this case squarely within the Covey rule.

This Court has not addressed the special due process requirements pertaining to incompetent persons since its decision in Covey in 1956. The Court has continually expanded the general due process requirement established in Mullane v. Central Hanover Bank & Trust Co., 339 U.S. 306 (1950)--most recently in Mennonite Board of Missions v. Adams,

⁴ The second Appeals Court decision erroneously recited that he was adjudicated insane "in March 1980." App. C. at page C-8, 25 Mass.App.Ct. at 961. He was adjudicated in 1984 to have been insane beginning in March 1980.

462 U.S. 791 (1983) and in Tulsa Professional Collection Services, Inc. v. Pope, ___ U.S.___, 108 S.Ct. 1340 (1988). The Court should not permit the state courts, contrary to the clear trend established by the Mullane line of cases, to ignore or erode the important holding of Covey v. Somers.

The Covey rule should be extended to protect incompetents by eliminating or restricting the "knowledge" requirement.

In the alternative, if this Court concludes that the petitioner has not adduced sufficient facts to affirmatively show that the respondents knew of his incompetence, the writ should nevertheless be granted to address

the questions of whether knowledge is essential to a due process claim--and if so, whether the burden on the knowledge issue was properly placed on the petitioner, rather than on the respondents.

There is a split of authority among the state courts as to whether knowledge of incompetence is an essential element of the Covey rule. Compare Stubbs v. Cummings, 336 So. 2d 412, 415-416 (Fla. Dist. Ct. App. 1976) (knowledge is required) with In re Consolidated Return of Tax Claim Bureau of the County of Delaware, 75 Pa. Commw. 108, 461 A.2d 1329, 1331-1332 (1983) (knowledge is not required to sustain a due process claim). See also Goldmyrtle Realty Corp. v. Woellner, 36 A.D. 968, 969, 321 N.Y.S. 2d 654, 655 (N.Y. 1971), and Sharon v. Kafka, 18



Mass.App.Ct. 541, 543-544, 468 N.E.2d
656, 658 (1984).

The petitioner has been put out of court on summary judgment based on his pro se pleadings, affidavits and depositions, and the foreclosing bank has not offered an affidavit or any other evidence to show that it did not know of his incompetence.

This Court should grant certiorari so as to clarify the important issues thus presented: (1) is knowledge of incompetence essential to the Covey rule?--and (2) if so, should the burden be placed on the incompetent to show such knowledge, or on those who take his property to negative such knowledge?



CONCLUSION

This Court should review this case because the decision below erodes the rule of Covey v. Somers, 351 U.S. 141 (1956); and alternatively, clarify the law, and eliminate the conflict between state courts on whether Covey requires knowledge of incompetence. For either of these reasons, this is a case of substantial importance and concern.

It is respectfully submitted that this petition for a writ of certiorari should be granted.

Ronald F. Kehoe
Attorney for Petitioner
WARNER & STACKPOLE
28 State Street
Boston, MA 02109
(617) 725-1400

Dated: July 27, 1988



APPENDIX A

**SUPREME JUDICIAL COURT FOR
THE COMMONWEALTH**

**Office of the Clerk, 1412 Court House,
Boston, MA 02108 (617) 752-8055**

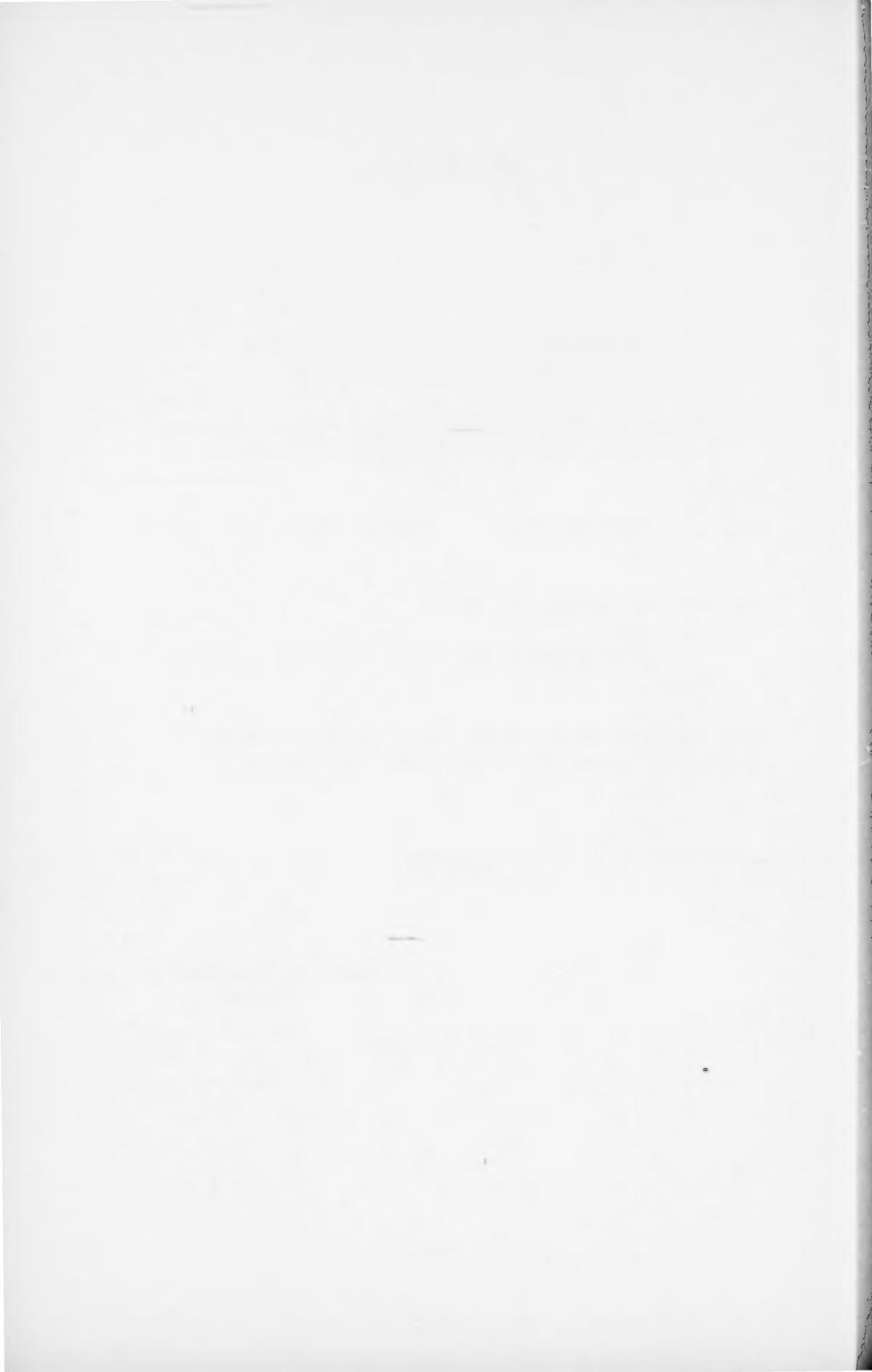
No. FAR-4642 Date Apr. 28, 1988

In re MICHAEL T. HULL
vs.
ATTLEBORO SAVINGS BANK & others

The above-captioned Application for
Further Appellate Review has been

DENIED

Jean M. Kennett,
Clerk



APPENDIX B

COMMONWEALTH OF MASSACHUSETTS

Appeals Court For The Commonwealth

At Boston, October 30, 1987

In The Case of

MICHAEL T. HULL

vs.

ATTLEBORO SAVINGS BANK & others.

pending in the Superior

Court for the County of Bristol

ORDERED, that the following entry
be made in the docket; viz.,--

Judgment affirmed

By The Court,

/s/Nancy Turck Foley, Clerk.

October 30, 1987

COMMONWEALTH OF MASSACHUSETTS

APPEALS COURT

No. 86-892

MICHAEL T. HULL

vs.

ATTLEBORO SAVINGS BANK & others.¹

MEMORANDUM AND ORDER

In 1982, the defendant Attleboro Savings Bank (the mortgagee) commenced foreclosure proceedings on property owned by the plaintiff (the mortgagor). Some three years later, the plaintiff brought this action against the bank and subsequent purchasers of the property (see note 1) seeking to set aside the foreclosure and sales. As the basis of his action, the plaintiff alleged that the bank had

¹ Homemakers Financial Services, Inc., d/b/a GECC Financial Services, Edward F. Casey, Edward J. Casey, and Maria Y. Casey.



failed to comply with G. L. c. 244, § 14, had violated the automatic stay provision of 11 U.S.C. § 362(a)(1) of the Bankruptcy Act (1982), had acted in bad faith in not seeking the appointment of a guardian for the plaintiff when the bank knew or should have known that he was incapable of protecting his interests, and had failed to act in good faith and to exercise reasonable diligence. The defendants moved for summary judgment on the basis of the pleadings and excerpts from the plaintiff's deposition. The plaintiff filed affidavits in opposition to the motions, which were allowed. For substantially those reasons given by the judge in ordering summary judgment against the plaintiff, we affirm.



1. Notice under G. L. c. 244,
§ 14.

That portion of G. L. c. 244, § 14, as appearing in St. 1980, c. 318, § 2, upon which the plaintiff relies at pages twelve through fourteen of his brief, reads:

"[N]o sale under such power shall be effectual to foreclose a mortgage, unless, previous to such sale, ... notice thereof has been sent by registered mail to the owner or owners of record of the equity of redemption as of thirty days prior to the date of sale, said notice to be mailed fourteen days prior to the date of sale ... to the last address of the owner or owners of the equity of redemption appearing on the records of the holder of the mortgage ..."'

In paragraph eleven of his complaint (A. 9), the plaintiff alleged that the bank had failed to give notice as required by the statute. The bank denied the allegation (A. 32). In his affidavit in opposition to summary judgment, the plaintiff



stated: "I never received notice or was notified at any time that the Bank had filed a complaint in Land Court or that the Bank was going to foreclose on the property" (A. 103).

It does not follow from the plaintiff's assertion that he did not receive notice or that the bank failed to comply with the mandate of § 14. See Mutual Bank for Sav. v. Silverman, 12 Mass. App. Ct. 1059, 1060 (1982) (the "affidavit [] assert[s] no facts which place in issue whether these minimum requirements had been met"). Cf. Commonwealth v. Johnson, 348 Mass. 586, 588 (1965) ("There was no evidence requiring the finding that the citation if not 'delivered to the offender' or not otherwise received by him had not been 'mailed to him at

his mail address or his residential address' in accordance with the statute"). If the plaintiff needed any time to conduct discovery in order to present a sufficient affidavit on this point, that the bank had failed to mail the required notice, it was incumbent upon him to resort to Mass. R. Civ. P. 56(f), 365 Mass. 825 (1974). See A. John Cohen Ins. Agency, Inc. v. Middlesex Ins. Co., 8 Mass. App. Ct. 178, 183 (1979).

2. Violation of 11 U.S.C. § 362.

It appears that the plaintiff sought relief in the United States Bankruptcy Court for the District of Massachusetts in May 1982. Under 11 U.S.C. § 362(a), the mere filing of the petition operates as an automatic stay of certain acts specified in

that section. See generally Amonte v. Amonte, 17 Mass. App. Ct. 621, 623-624 (1984). While the stay was in effect, the bank filed a petition in the Land Court to comply with the Soldiers' and Sailors' Civil Relief Act. See 50 U.S.C. Appendix, § 532(3) (1982). Apparently, compliance with the Act was deemed effective on August 17, 1982. The bankruptcy petition was dismissed on August 24, 1982, thereby ending the automatic stay. See 11 U.S.C. § 362(c)(2)(b). The bank made entry upon the land for possession on August 25, 1982.

We assume without deciding that the bank's steps in the Land Court to proceed with foreclosure violated 11 U.S.C. § 362(a). The plaintiff argues that the foreclosure and the



foreclosure sale are void by reason of the violation. We do not agree.

The only act taken by the bank during the period in which the automatic stay was in effect was to commence proceedings under the Soldiers' and Sailors' Civil Relief Act. The sole issue presented in such proceedings is whether any interested party is entitled to the benefits of that Act by reason of military service. See Beaton v. Land Court, 367 Mass. 385, 390 (1975). However, nowhere does the plaintiff allege or suggest that he had been in or was recently released from military service and, thus, entitled to the benefits of that Act. Consequently, even assuming that compliance with the Act was void because it was sought and obtained

during the automatic stay period, the plaintiff made no showing that he was thereby entitled to relief. "If a foreclosure were otherwise properly made, failure to comply with the 1940 Relief Act would not render the foreclosure invalid as to anyone not entitled to the protection of that act. Fuleserian v. Pilgrim Trust Co., 331 Mass. 431, 433-434 (1954). See Park, Conveyancing, § 406 (1968) and Supp. 1974)." Beaton v. Land Court, 367 Mass. at 390. See also Boston Five Cents Sav. Bank v. Johnson, 3 Mass. App. Ct. 790 (1975); Park, Real Estate Law § 533 (1981) & Supp. 1987).

Additionally, we see nothing in 11 U.S.C. § 362 which requires that the foreclosure be invalidated because of a violation of the

automatic stay provision. Rather, as we read that statute the contemplated remedy appears to be limited to damages, costs, and attorneys' fees. See 11 U.S.C. § 362(h) (Supp. 1985).

3. Appointment of a Guardian.

Reading as generously as possible the affidavits presented by the plaintiff which speak to certain emotional problems he was experiencing during the time period material hereto (A. 102-103), we conclude as matter of law that those statements are insufficient to raise a factual question whether the plaintiff's due process rights were violated by the bank's failure to assure that he could comprehend the nature of the foreclosure proceedings. Compare Covey v. Somers, 351 U.S. 141, 145-146 (1956);



Commonwealth v. Olivo, 369 Mass. 62,
69-70 & n.6 (1975).

4. Good Faith and Reasonable
Diligence

The plaintiff's allegations and deposition (A. 38-53) show that his claim that the bank failed to act in good faith and with reasonable diligence is based upon the following: (1) that the bank failed to take steps to protect his rights by seeking the appointment of a guardian to act on his behalf; (2) that the bank acted out of "envy" or "spite" (A. 40); (3) that the bank wasted money in hiring a security guard to protect the apparently vacant premises (A. 38-42); and (4) that the bank failed to make certain repairs to the property and "advertise[] the property better" (A. 42) so that it could have been sold at a higher price.

"A mortgagee in exercising a power of sale in a mortgage must act in good faith and use reasonable diligence to protect the interests of the mortgagor." Union Mkt. Natl. Bank v. Derderian, 318 Mass. 578, 581-582 (1945). However, as we review the plaintiff's claims in their totality, DesLauries v. Shea, 300 Mass. 30, 39 (1938), we see nothing which raises "questions of fact as to the reasonableness of the conduct of the ... [bank] and its agents in regard to the foreclosure sales on which reasonable minds could differ." Mutual Bank for Sav. v. Silverman, 13 Mass. App. Ct. at 1061. See generally, Kavolsky v. Kaufman, 273 Mass. 418, 422 (1930); Boyajian v. Hart, 284 Mass. 557, 558 (1933); DesLauries v. Shea, 300 Mass. at 37;



Sher v. South Shore Natl. Bank, 370 Mass. 400, 402-403 (1971). Compare Danielczuk v. Ferioli, 7 Mass. App. Ct. 914 (1979).

5. Motion to Amend.

In allowing the defendant's motion for summary judgment, the judge declined to rule on the plaintiff's motion to amend his complaint for the reason that the "result would not change were this court to allow" the motion (A. 135). It follows from what we have said that had the judge denied the motion, we would have found no error in his ruling.

Therefore, upon consideration of the record appendix, the briefs, and oral argument of the parties, and under the provisions of Rule 1:28 of this court, it is ordered that the



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following entry be made upon the
Superior Court docket in the above
matter:

Judgment affirmed.

By the Court (Grant,
Armstrong & Perretta, JJ.,

/s/Nancy Turck Foley
Clerk

Entered:
October 30, 1987.



APPENDIX C

COMMONWEALTH OF MASSACHUSETTS

Appeals Court for the Commonwealth

At Boston,
February 23, 1988

In the case of MICHAEL T. HULL

vs.

ATTLEBORO SAVINGS BANK & others

pending in the Superior Court for the
County of Bristol

Ordered, that the following entry be made
in the docket; viz, --

The judgment is reversed, and the
case is remanded to the Superior Court
for further proceedings consistent with
this opinion.

So ordered.

By the Court,

/s/Warren L. Shields,
Assistant Clerk

February 13, 1988.



Bris. 86-892

Appeals Court

MICHAEL T. HULL
vs. ATTLEBORO SAVINGS BANK & others.¹

No. 86-892. February 23, 1988.

Practice, Civil, Complaint, Summary Judgment. Bankruptcy, Stay of other proceedings. Mortgage, Real estate, Foreclosure.

After our decision in this matter (see 25 Mass. App. Ct. 1104 [1987]), we granted the plaintiff's petition for rehearing. We conclude that there is a genuine issue of material fact concerning compliance by the defendant Attleboro Savings Bank (the bank) with the notice provisions of G. L. c. 244, § 14, and

¹ Homemakers Financial Services, Inc., Edward F. Casey, Edward J. Casey, and Maria Y. Casey.

{

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reverse the judgment.

In 1982, the bank commenced foreclosure proceedings on the plaintiff's property. Some three years later, the plaintiff brought this action against the bank and the subsequent purchasers of the property (see note 1, supra) seeking to set aside the foreclosure and the subsequent sales. In his complaint (drafted pro se), the plaintiff alleged that the bank had failed to give him notice of the foreclosure proceedings and that the bank had acted in bad faith in not seeking the appointment of a guardian for him when it knew or should have known that he was incapable of protecting his interests.



The defendants answered to the complaint and also filed motions for summary judgment. The plaintiff thereafter filed affidavits in opposition to the motions as well as a motion for leave to amend his complaint by substituting an amended complaint drafted by counsel. The amended complaint more artfully repeated the plaintiff's earlier complaint and asserted additional claims: (1) that the bank had violated the automatic stay provision of 11 U.S.C. § 362(a)(1) (1982) (the Bankruptcy Act); (2) that the bank had sold the property for far less than its fair value; and (3) that these acts by the bank constituted bad faith and violations of G. L. c. 93A. It appears from the judge's memorandum of decision



that he took no action on the motion to amend the complaint based on his view that, even if the motion were allowed, the defendants would nonetheless be entitled to summary judgment. We consider the plaintiff's unverified amended complaint to the extent it assists us in comprehending his complaint upon which the defendants' motions are based. See Godbout v. Cousens, 396 Mass. 254, 262-263 (1985).

1. Violation of 11 U.S.C. § 362.

The plaintiff alleges that he sought relief in the United States Bankruptcy Court for the District of Massachusetts in May of 1982. Under 11 U.S.C. § 362(a), the mere filing of the petition



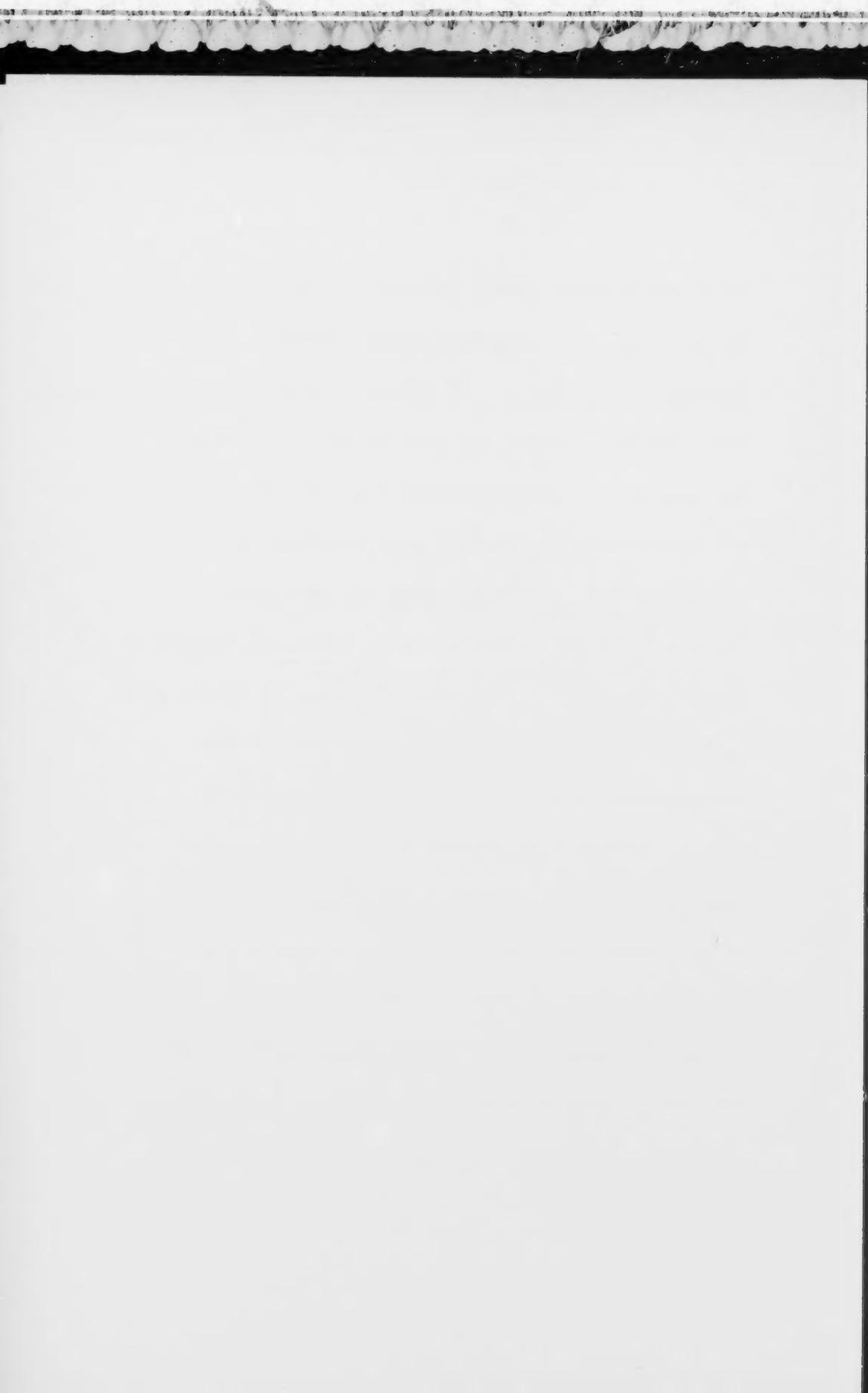
operates as an automatic stay of certain acts specified in that section. See generally, Amonte v. Amonte, 17 Mass. App. Ct. 621, 623-624 (1984). While the stay was in effect, the bank filed a petition in the Land Court to comply with the Soldiers' and Sailors' Civil Relief Act (the Act). See 50 U.S.C. Appendix § 532(3) (1982). Apparently, compliance with the Act was deemed effective on August 17, 1982. The bankruptcy petition was dismissed on August 24, 1982, thereby ending the automatic stay. See 11 U.S.C. § 362(c) (2) (B) (1982). The bank made entry upon the land for possession on August 25, 1982.



Assuming without deciding that the bank violated the provisions of 11 U.S.C. § 362(a), it does not follow that the foreclosure and the foreclosure sale were void. As alleged by the plaintiff, the only action taken by the bank during the automatic stay period was to commence proceedings under the Act. The sole issue presented in such proceedings is whether any interested party is entitled to the benefits of the Act by reason of military service. See Beaton v. Land Court, 367 Mass. 385, 390 (1975). The plaintiff has never claimed that he was entitled to the benefits of the Act. Rather, his argument is that, as matter of law, the foreclosure is void because of the action taken by the bank during



the automatic stay period. See Irving Levitt Co. v. Sudbury Management Associates, Inc., 19 Mass. App. Ct. 12, 16 (1984). Because the plaintiff makes no claim of entitlement to the benefits of the Act, it gains him nothing to nullify the proceedings in the Land Court. "If a foreclosure were otherwise properly made, failure to comply with the 1940 Relief Act would not render the foreclosure invalid as to anyone not entitled to the protection of that act. Guleserian v. Pilgrim Trust Co., 331 Mass. 431, 433-434 (1954). See Park, Conveyancing § 406 (1968 and Supp. 1974)." Beaton v. Land Court, 367 Mass. at 390. See also Boston Five Cents Sav. Bank v. Johnson, 3 Mass. App. Ct. 790



(1975); Park, Real Estate Law § 522 (1981 and Supp. 1987).

2. Mental Incompetency. The plaintiff claims that there is a factual dispute on the issue whether the bank violated his statutory (G. L. c. 244, § 14 through § 17) and due process rights by foreclosing on his property when he was mentally incompetent without first seeking the appointment of a guardian. Although the plaintiff states in his complaint that he was "adjudicated insane" in March of 1980 for a mental illness "in remission since 1984," we do not see the existence of facts which, if established at trial, would entitle him to relief on this claim. See Kaitz v.



Foreign Motors, Inc., 25 Mass. App. Ct.
198, 200, 202 (1987); Orfirer v.
Biswanger, 25 Mass. App. Ct. 928, 930-931
(1987). The affidavits submitted by the
plaintiff in opposition to the motions
speak to the facts that at the times
relevant to the events of 1982, the
plaintiff (then an attorney engaged in
the practice of law) had not made
payments on the mortgage note to the bank
in over two years, that his behavior was
"erratic" and "bizarre," that because of
this behavior, his business associate and
secretarial staff would no longer work
with him, that in September (of 1982) he
was admitted to a facility in
Massachusetts known as Westwood Lodge,
that in early September (1982) the

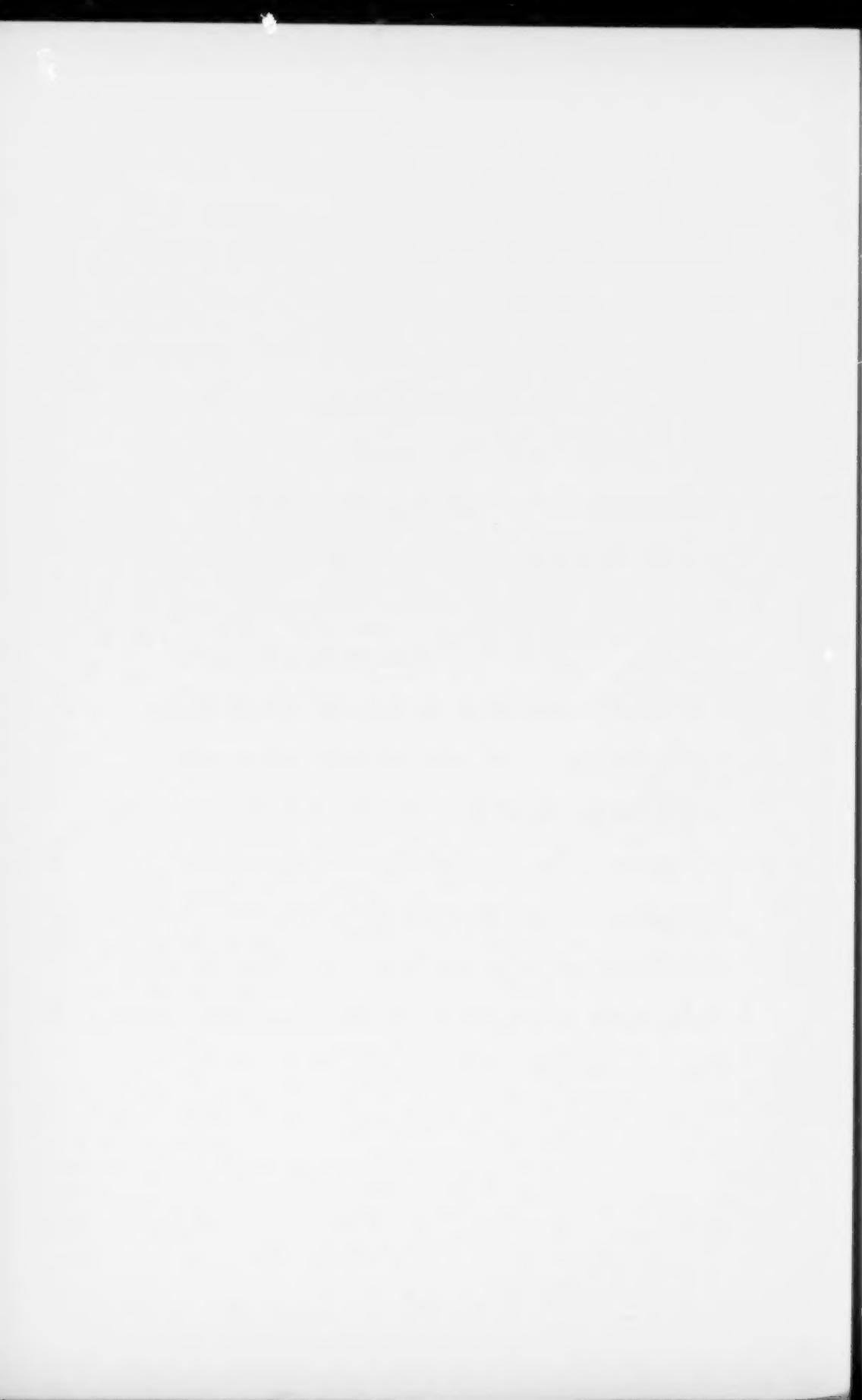


plaintiff's former business associate told a loan officer at the bank that the plaintiff had "financial" and "emotional problems," and that these two had a "further" conversation "relative to ... [the plaintiff] being institutionalized for his emotional problems in the month of September, 1982."

During his 1985 deposition, the plaintiff stated that at the times pertinent hereto, he was suffering from chronic depression and that there had been a newspaper article which the bank must have seen, reporting that in August, 1982, he had been indicted on charges of stealing his clients' funds and that he was being held without bail for a



psychiatric evaluation. The plaintiff further related that, at that time, he was involved in drug use in his attempts to cope with his depression. He stated that, after the indictment and upon the "recommendation" of his attorney and the court, his parents had him hospitalized at Westwood Lodge on or about September 9, 1982. Prior to that date, however, and after the bank had made entry upon the premises, he sought and obtained permission to enter the house to take his clothing. He (apparently) was at Westwood Lodge at the time of the foreclosure sale of the property to the defendant Homemakers Financial Services, Inc. (see note 1, supra).



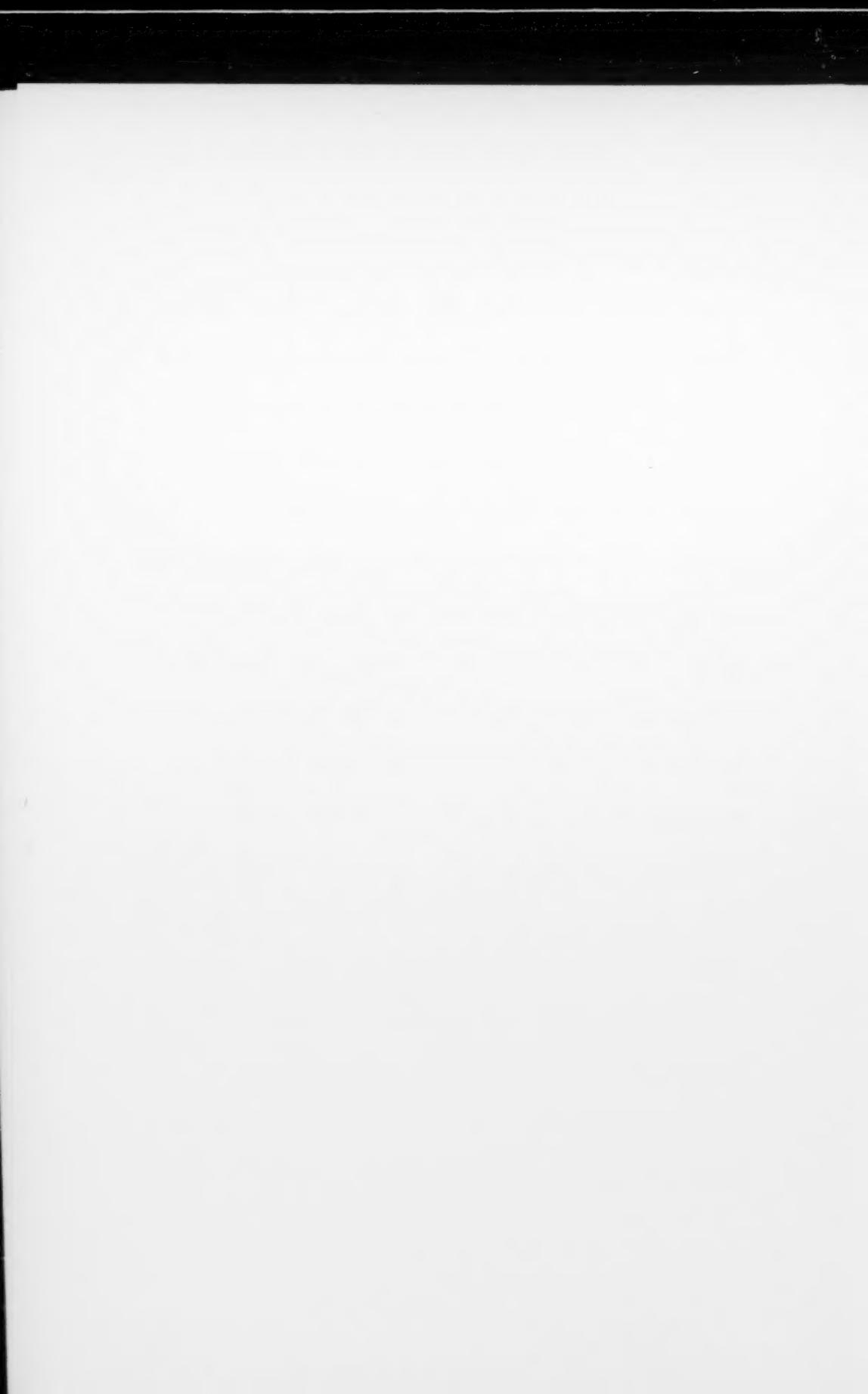
Based upon these facts and Covey v. Town of Somers, 351 U.S. 141, 146-147 (1956), the plaintiff claims that there exists a question whether the bank, in light of the circumstances known to it, should have sought the appointment of a guardian to protect his interests during the foreclosure and sale. Accepting all the plaintiff's factual claims as true (see Kaitz v. Foreign Motors, Inc., 25 Mass. App. Ct. at 200, 202), we see no error in allowing the defendants' motions on this issue. See Commonwealth v. Olivo, 369 Mass. 62, 69, and 69-70 n.5 (1975); Boston v. Ditson, 4 Mass. App. Ct. 323, 326 (1976).



3. Good faith and reasonable diligence. In considering the plaintiff's claim that the bank violated its duty as a mortgagee, we, again, do not take into account the allegations set out in his unverified amended complaint. See Godbout v. Cousens, 396 Mass. at 262-263. We confine our review to his complaint, deposition, and the affidavits. Taken in the light most favorable to the plaintiff, these materials show: (a) that after the bank took possession of the property, it refused to allow the plaintiff onto the premises; (b) that the bank hired an armed security guard to protect the property twenty-four hours a day; (c) that the bank failed to repair a broken

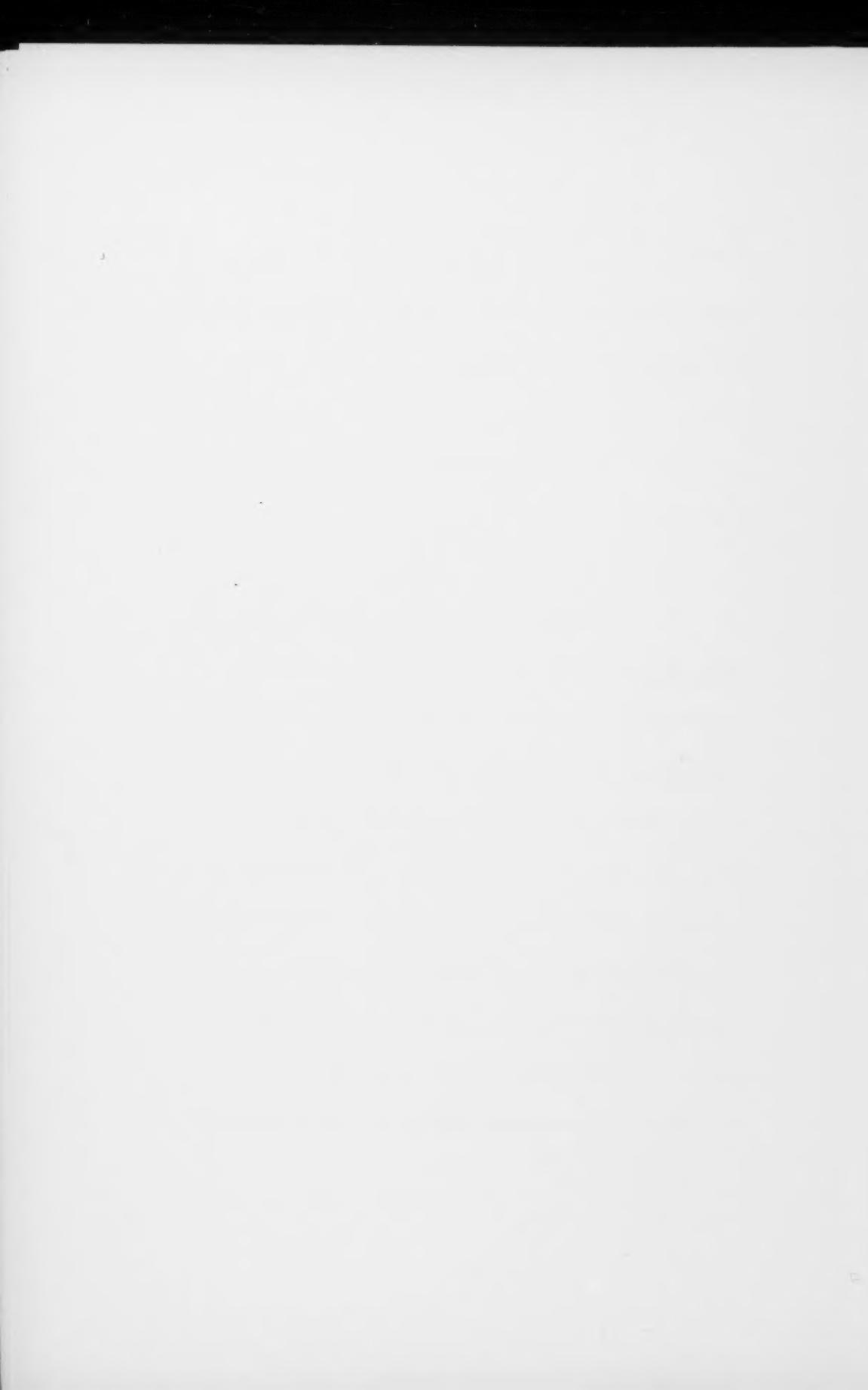


glass door, to cut the grass, and to clean the inside of the house; (d) that the bank should have advertised the property more vigorously prior to its sale; and (e) that the defendant Homemakers Financial Services, Inc. (see note 1, supra) purchased the property from the bank for \$125,000 and sold it to the other defendants for \$170,000. These facts are not sufficient (see Kaitz v. Foreign Motors, Inc., 25 Mass. App. Ct. 200, 202) to create a factual question upon which reasonable minds could differ relative to the reasonableness of the bank's conduct in regard to the foreclosure sale. See DesLauries v. Shea, 300 Mass. 30, 39 (1938); Sher v. South Shore Bank, 360 Mass. 400, 402-403



(1971). Compare Danielczuk v. Ferioli, 7 Mass. App. Ct. 914 (1979); Mutual Bank for Sav. v. Silverman, 13 Mass. App. Ct. 1059, 1061 (1982). There was no error in allowing the defendants' motions on this claim.

4. Notice pursuant to G. L. c. 244, § 14. In his complaint, the plaintiff alleged that the bank failed to comply with the notice provisions of G. L. c. 244, § 14. The bank answered, denying the allegation. In moving for summary judgment, the bank relied upon the pleadings and the plaintiff's deposition, which is silent on this issue. The plaintiff stated in his affidavit in opposition to the motion



that he "never received notice or was notified at any time that the Bank had filed a complaint in Land Court or that the Bank was going to foreclose on the property." There here exists a disputed question of fact: whether thirty days prior to the date of the foreclosure sale, the bank sent notice thereof to the plaintiff. See G. L. c. 244, ¶ 14. In denying the plaintiff's allegation, the bank placed the claim in issue. It was the bank's burden on its motion to show that, in fact, it had sent notice to the plaintiff as required by the statute.

See Attorney Gen. v. Bailey, 386 Mass. 367, 371, cert. denied, Bailey v. Bellotti, 459 U.S. 970 (1982); Davidson Pipe Supply Co. v. Johnson, 14 Mass. App.

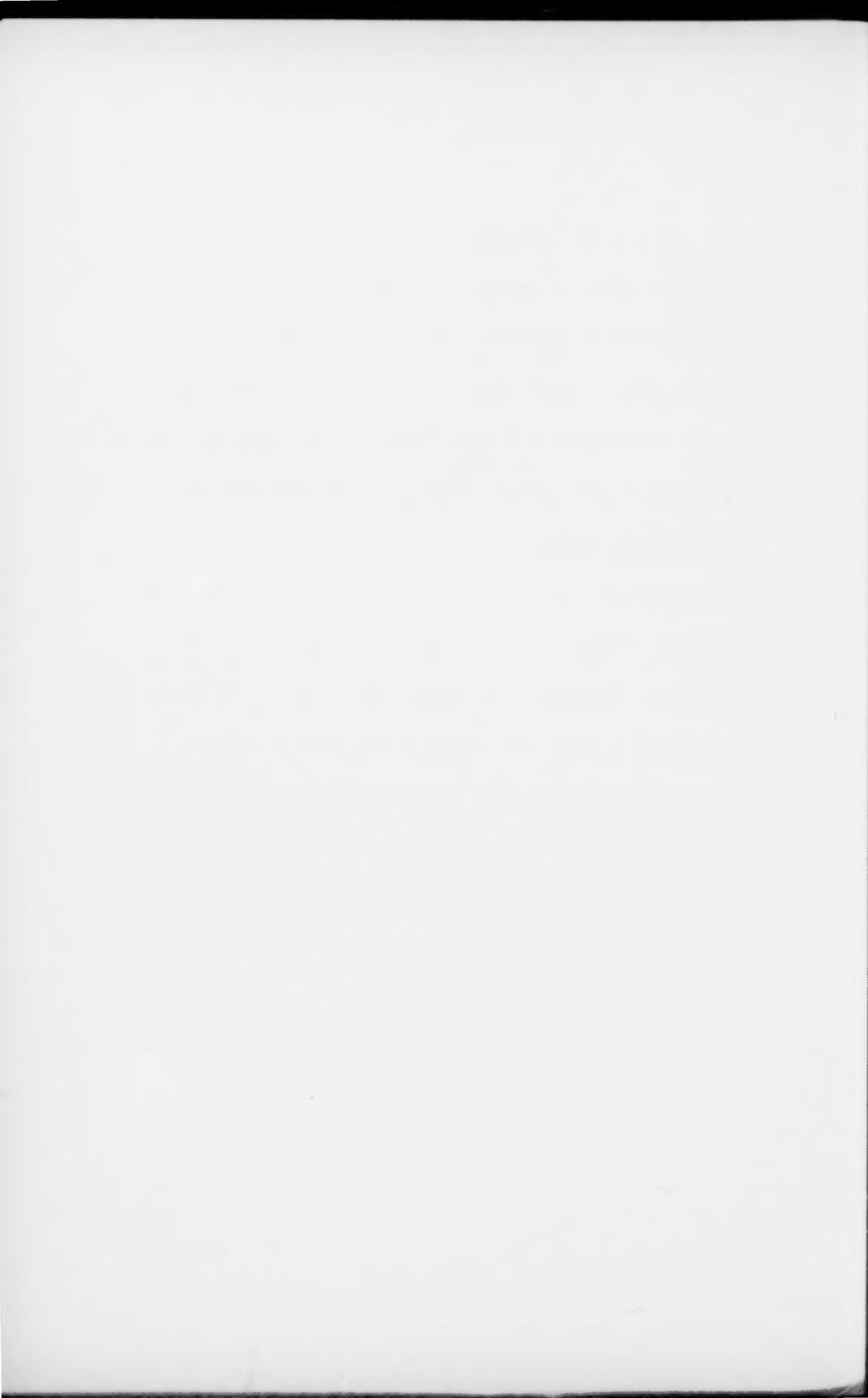


Ct. 518, 524 (1982). Had the bank shown on its motion that it did mail the requisite notice, the plaintiff's averment of nonreceipt would have been irrelevant to the issue whether the bank had satisfied its obligation in accordance with the statute. See Mutual Bank for Sav. v. Silverman, 13 Mass. App. Ct. at 1060. Cf. Commonwealth v. Johnson, 348 Mass. 586, 588 (1965). However, reading the plaintiff's complaint and affidavit with the bank's simple denial, we conclude that a question of material fact exists on the issue of notice.

5. The motion to amend the complaint. As earlier noted, because of



the conclusions the judge reached on the motions for summary judgment, he found it unnecessary to rule upon the motion to amend the complaint. Our decision also would dispose of the motion to amend but for the fact that the plaintiff seeks to include a count under G. L. c. 93A. As there must be further proceedings on one of the plaintiff's claims (the bank's alleged failure to send notice), we leave it to a judge on remand to consider (if asked) whether the plaintiff should be allowed to amend his complaint by adding an allegation that the failure (if any) to send notice constitutes a violation of G. L. c. 93A.



The judgment is reversed, and the case is remanded to the Superior Court for further proceedings consistent with this opinion.

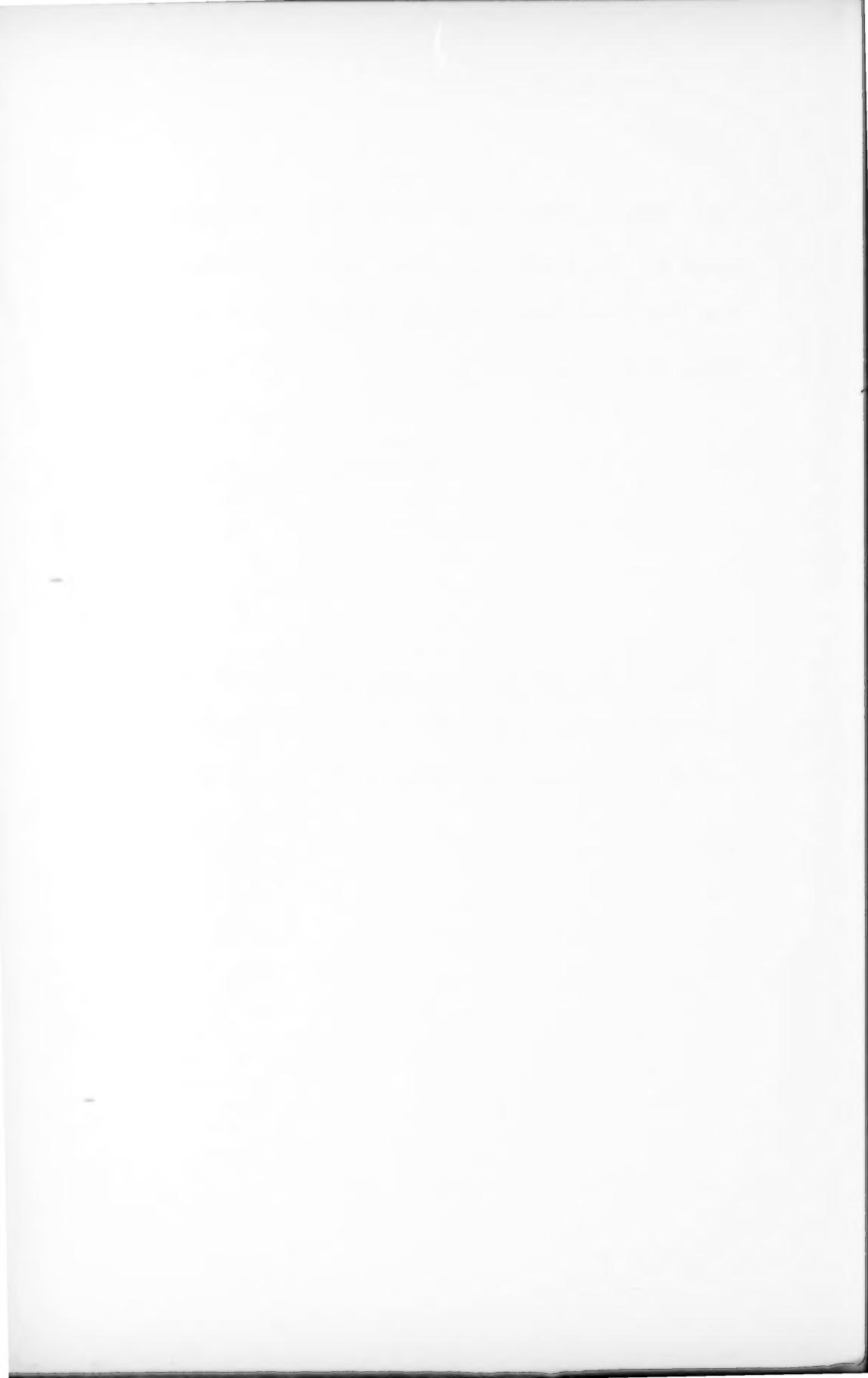
So ordered.

Ronald F. Kehoe (A. Neil Hartzell with him) for the plaintiff.

Stephen D. Clapp for Attleboro Savings Bank.

Max Volterra for Edward F. Casey & others.

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APPENDIX D

COMMONWEALTH OF MASSACHUSETTS

BRISTOL, SS.

SUPERIOR COURT

CIVIL ACTION

No. 19703

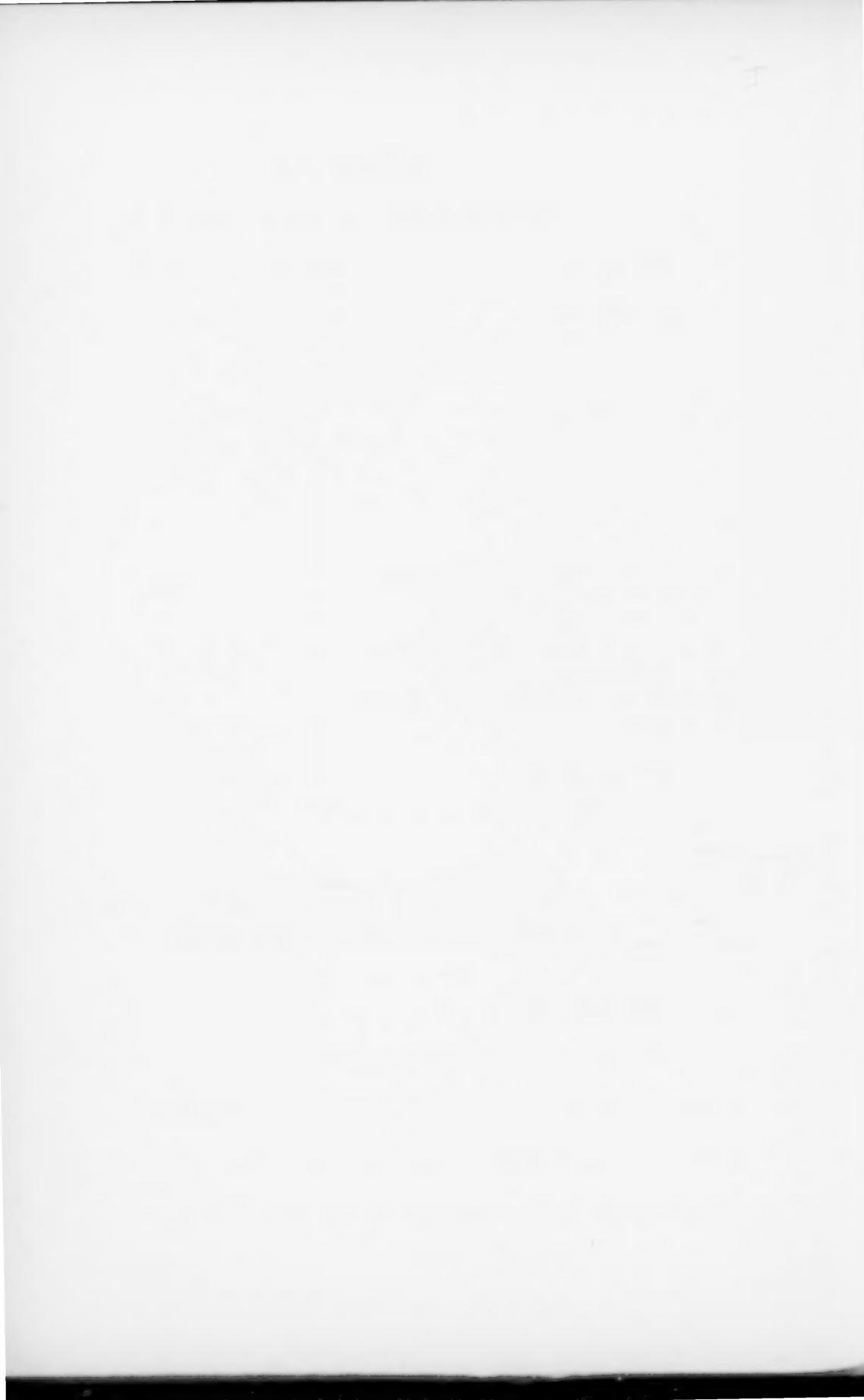
MICHAEL T. HULL,)
Plaintiffs,)
v.)
ATTLEBORO SAVINGS BANK,)
HOMEMAKERS FINANCIAL)
SERVICES, INC., d/b/a)
GECC FINANCIAL SERVICES,)
and EDWARD F. CASEY,)
EDWARD J. CASEY and MARIA)
Y. CASEY,)
Defendants.)

)

MEMORANDUM OF DECISION
AND ORDER ON DEFENDANTS'
MOTIONS FOR SUMMARY JUDGMENT

I. BACKGROUND

This action arises from a foreclosure by Defendant bank in August, 1982. Plaintiff alleges that his failure to make payments to the bank



according to the terms of the mortgage and note was due solely to his lack of mental capacity at that time. He further alleges the Defendants knew or should have known of his condition and they failed to appoint someone to protect his interests. The Plaintiff asks this court to require the bank to make an accounting pursuant to G.L. c.244, §20, and to set aside the foreclosure sale.

On February 7, 1986, the Plaintiff filed a motion for leave to amend his original complaint. In addition to the competency issue the Plaintiff adds three new counts. He alleges that the foreclosure took place in violation of the automatic stay provisions of 11 U.S.C. §362 (a)(1) of the Bankruptcy Act and that the bank failed to comply with the applicable notice provisions of G.L.

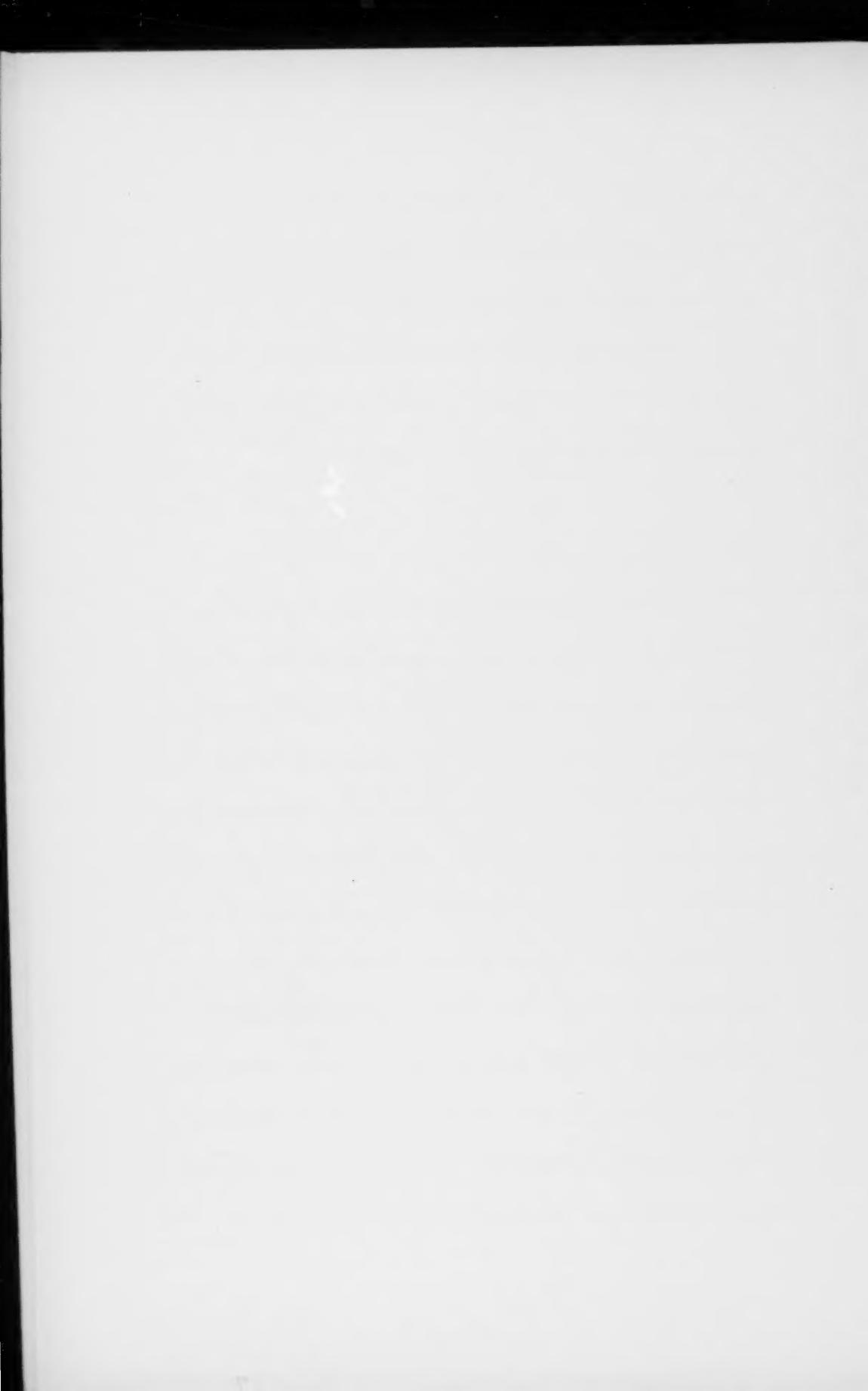


c.244, §14-17. He further alleges a G.L. c.93A violation. This court has not acted on this motion.

Defendants Attleboro Savings Bank and the Caseys have filed motions for summary judgment.

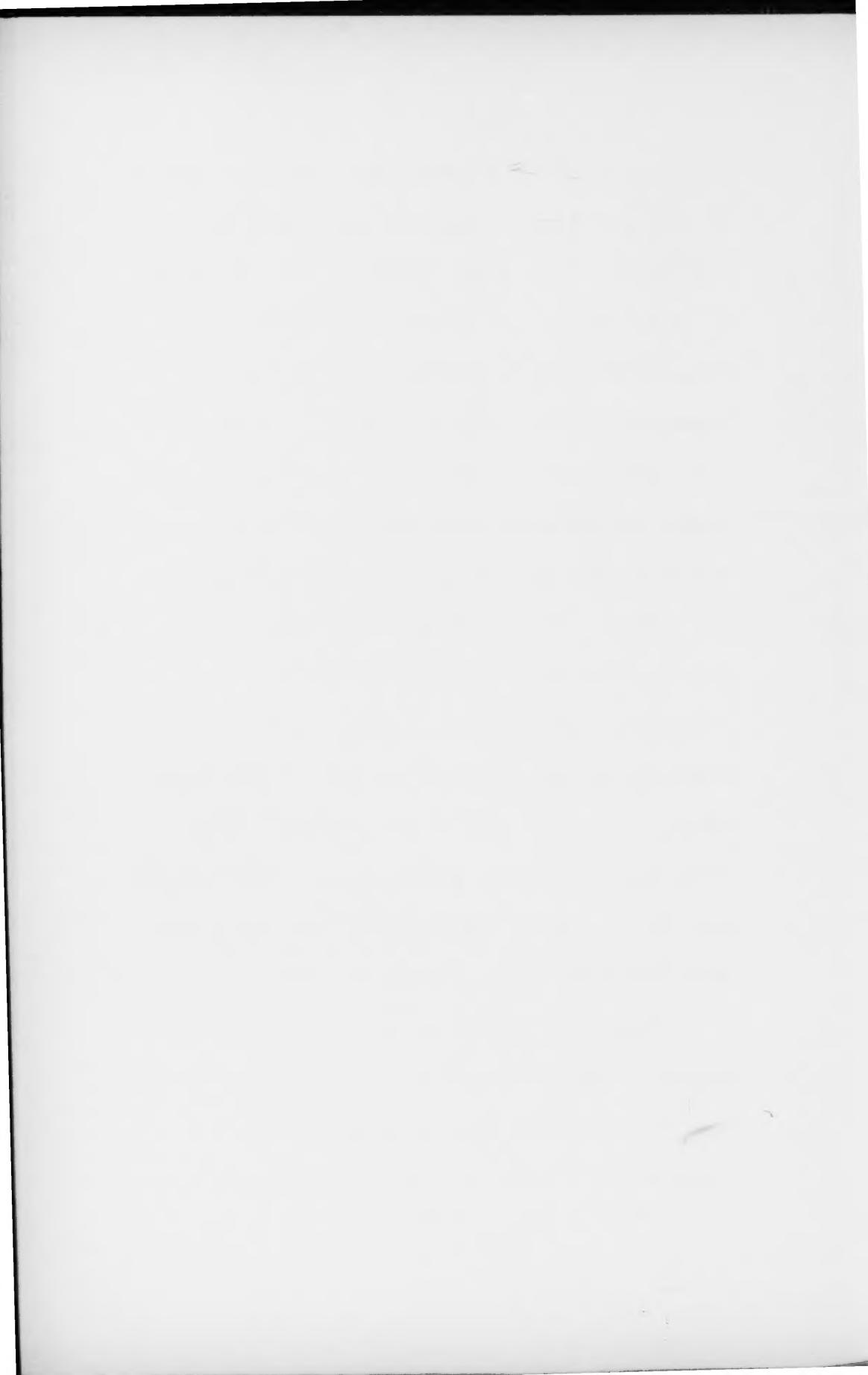
II. DISCUSSION

"A mortgagee exercising a power of a sale contained in a mortgage is bound to act in good faith and to exercise reasonable diligence to protect the interests of the mortgagor." Chantorand vs. Newton Trust Co., 296 Mass. 317, 320 (1937). The Plaintiff has the burden of proving that a sale was improperly conducted. Id. at 320. This court possesses broad power under the general principles of its equity jurisdiction "to reform, rescind, or cancel written instruments, including mortgages, on the



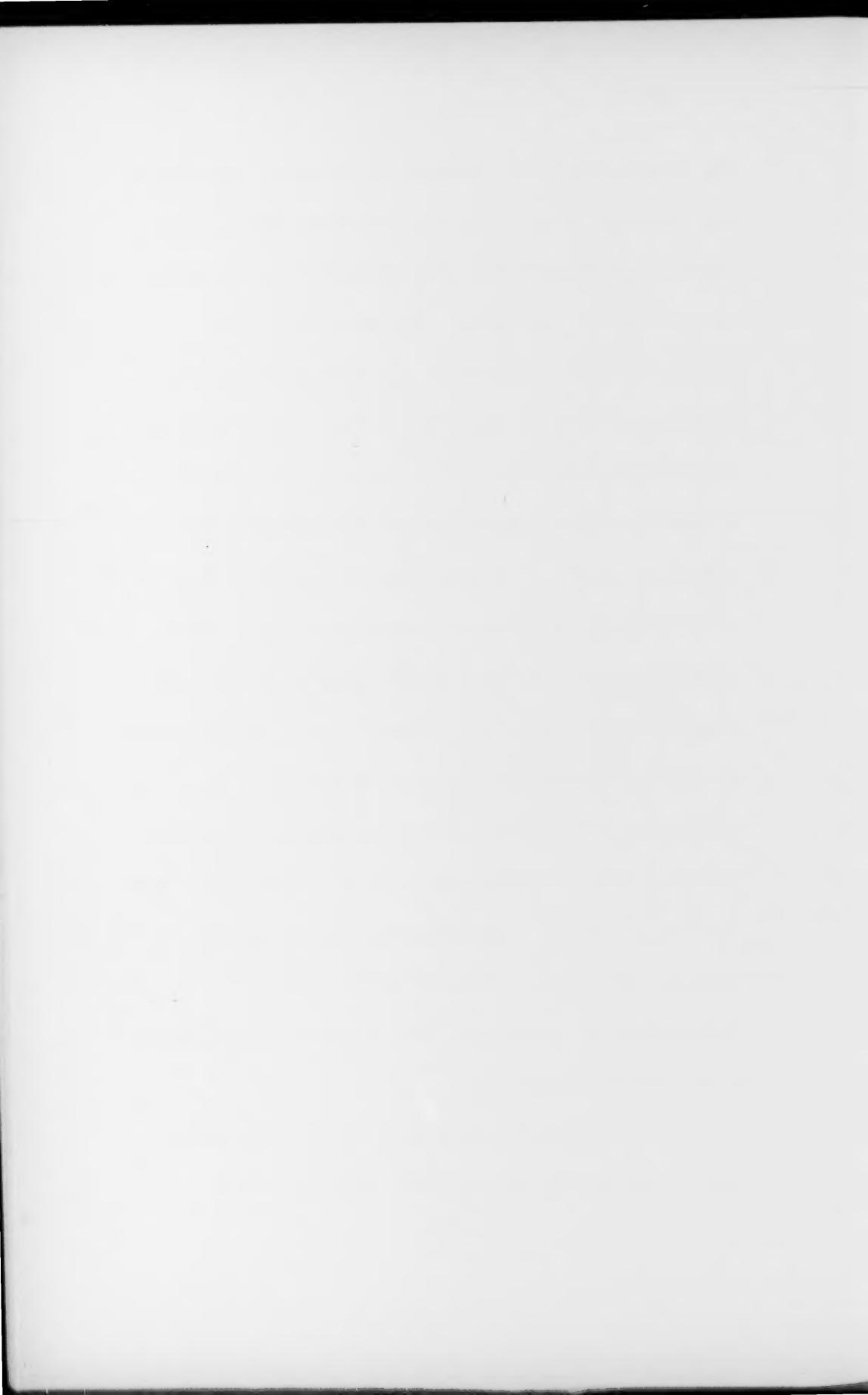
grounds such as fraud, mistake, accident or illegality." Beaton vs. Land Court, 376 Mass. 385, 392 (1975). In the case at bar, there is no dispute that the Plaintiff was in default on the note. Apparently, he had not made a payment in over two years. The bank exercised its power of sale in the mortgage and it entered the property on or about August 31, 1982. It complied with the provisions of 50 U.S.C. §432(3), the Soldiers' and Sailors' Civil Relief Act, when it obtained permission of the Land Court to allow the foreclosure. The bank did not take possession until after the Plaintiff's bankruptcy petition was dismissed by the Bankruptcy Court.

There is nothing in the record to support the Plaintiff's contention that the foreclosure was improperly conducted. None of his allegations rise



to the level of fraud, mistake, accident or illegality. On the facts here, the bank was under no obligation to appoint a guardian in order to protect the Plaintiff's interest in the property. The bank acted pursuant to the terms of the mortgage and this court can find nothing that requires a mortgagee to inquire into a mortgagor's level of competency during a foreclosure. The involvement of the Land Court does not change the result. That court's actions were independent of the actual foreclosure. Its sole function was to insure compliance with the Soldiers' and Sailors' Act. Beaton vs. Land Court, supra, at 390. Therefore, the Defendants' motions for summary judgment must be allowed.

This result would not change were this court to allow the Plaintiff's



motion to amend his complaint. While the Plaintiff is correct in his contention that foreclosure proceedings against property of an estate in bankruptcy violates the automatic stay provided by 11 U.S.C. §362, the issue before this court is whether such proceedings are void or voidable. In Re Oliver, 38 B.R. 245, 247 (Minn. 1985). The case law in this regard is inconsistent but this court is convinced that there is adequate support for finding such proceedings only voidable.

It is undisputed that the Plaintiff did not challenge the bank's actions during the pendency of his bankruptcy petition. It is also undisputed that the bank did not enter the property until the Plaintiff's bankruptcy petition was dismissed. This court can find no basis in law or in equity that

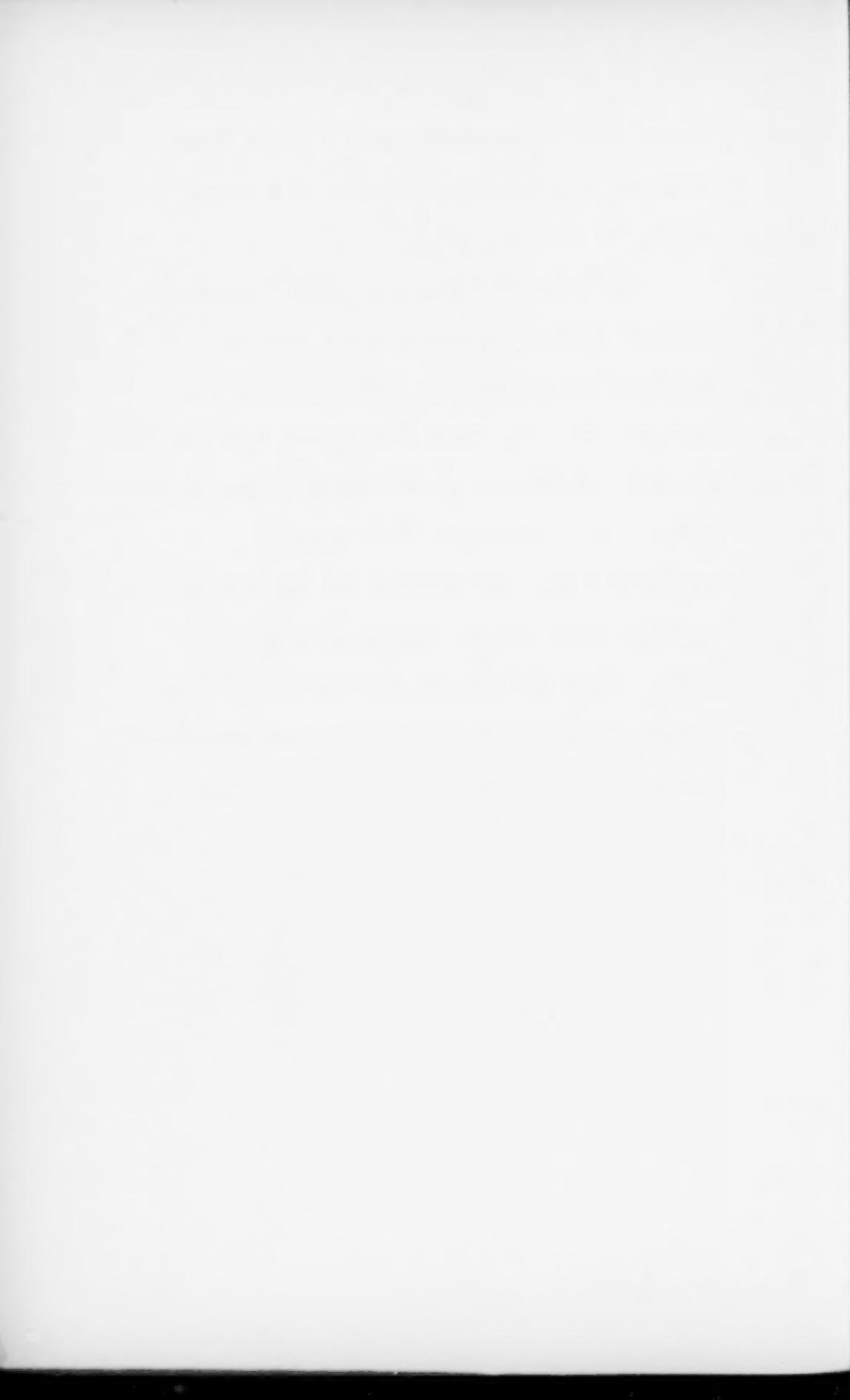


justifies recision of any of the bank's actions which are challenged some three years after the fact. The holding in Irving Levitt Co. vs. Sudbury Management Associates, Inc., 19 Mass. App. Ct. 12 (1984), is not controlling here. In Levitt, the Superior Court entered judgment in an action on a promissory note. In the case at bar, not only did the plaintiff wait almost three years to challenge the action, the type of judicial action taken is not comparable to the Superior Court's judgment in Levitt. Here, the Land Court made one determination: that the requirements of the Soldiers' and Sailors' Act was complied with. It did not validate the foreclosure. In addition, the defendant bank held up its entry and foreclosure sale until after the plaintiff's bankruptcy petition was dismissed.



Under the circumstances, I find that none of the bank's actions are void under 11 U.S.C. §362.

The claim that the bank failed to comply with the applicable notice provisions of G.L. c.244, §14-17 is without merit. The Plaintiff had failed to make mortgage payments for two years when the bank began foreclosure proceedings. He admits to notice of the bank's entry on or about August 31, 1982. His bare allegation, three years later, that he did not receive adequate notice of the foreclosure sale must fail.



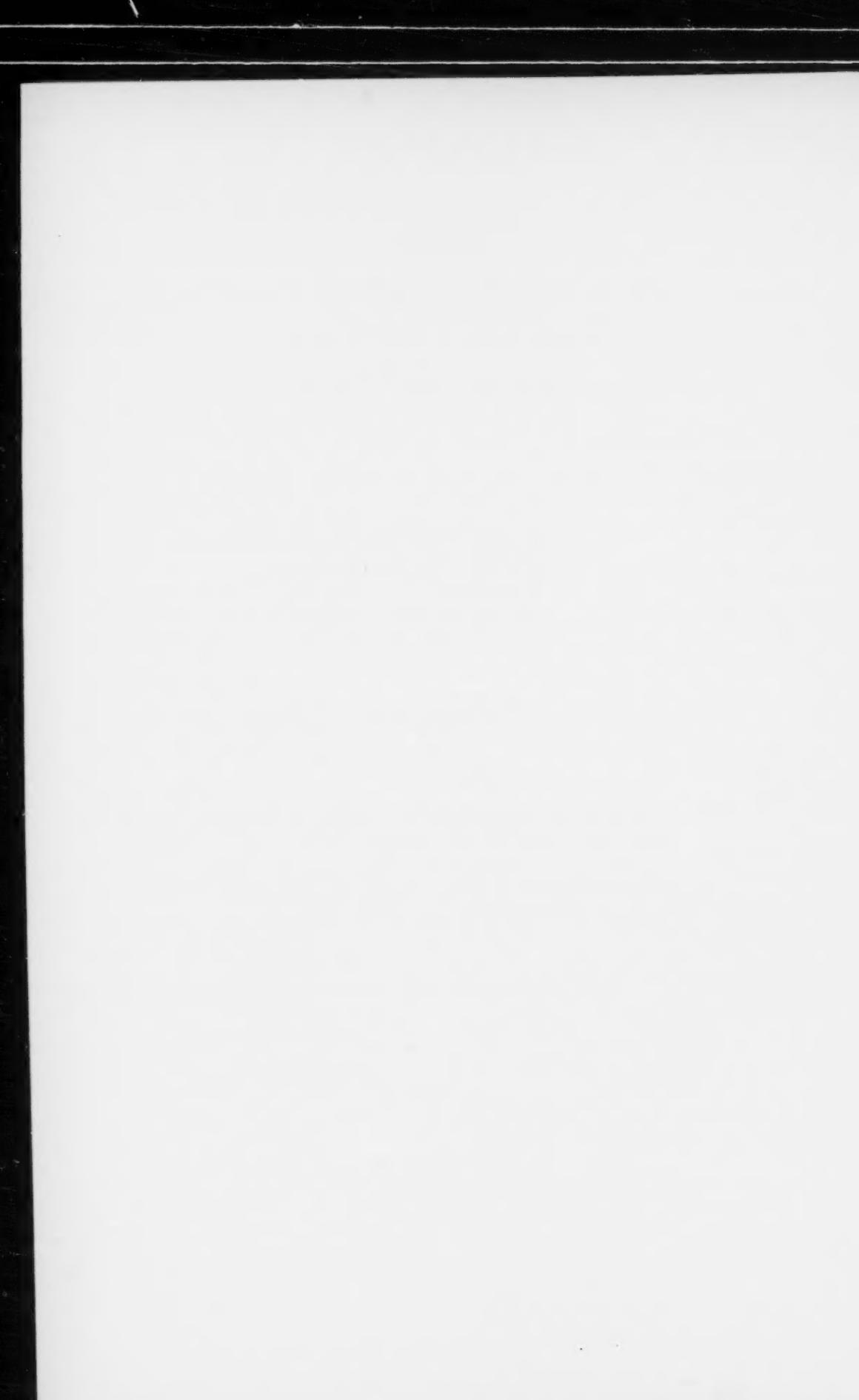
ORDER

It is therefore ORDERED that the Defendants Attleboro Savings Bank and the Caseys' Motions for Summary Judgment be ALLOWED.

/s/ Roger B. Champagne
Roger B. Champagne,
Justice of the District Court
Department, sitting in Superior
Court by statutory authority.

Date entered: February 25, 1986

cc: Warner & Stackpole (Atty. Kehoe, Atty. Hartzell), Armstrong, Pollis & Clapp (Atty. Clapp) Max Volterra, Esq.
Homemakers Financial Services, Inc.
d/b/a GRECC Financial Services

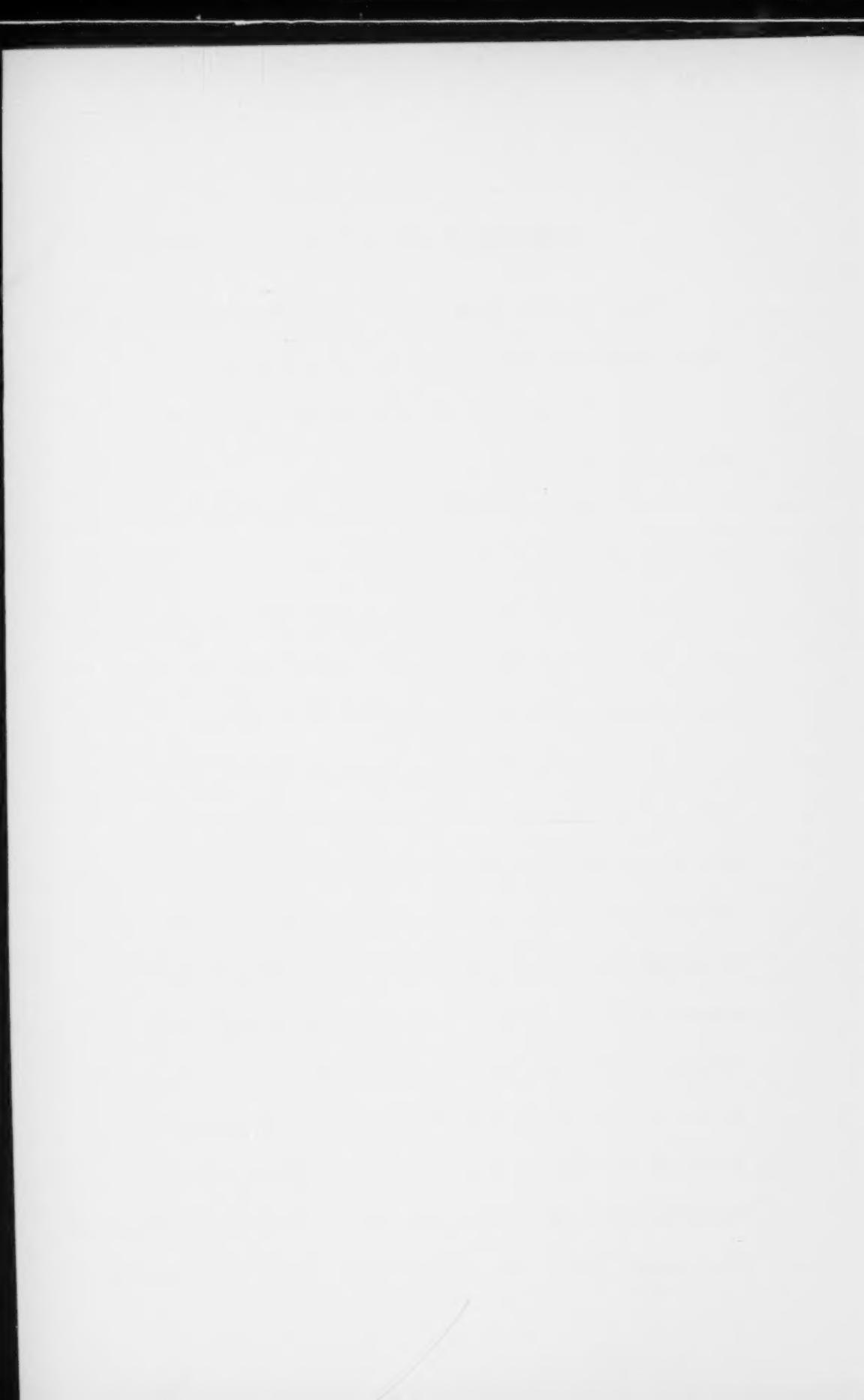


APPENDIX E

AFFIDAVIT OF ROBERT A. PONTARELLI

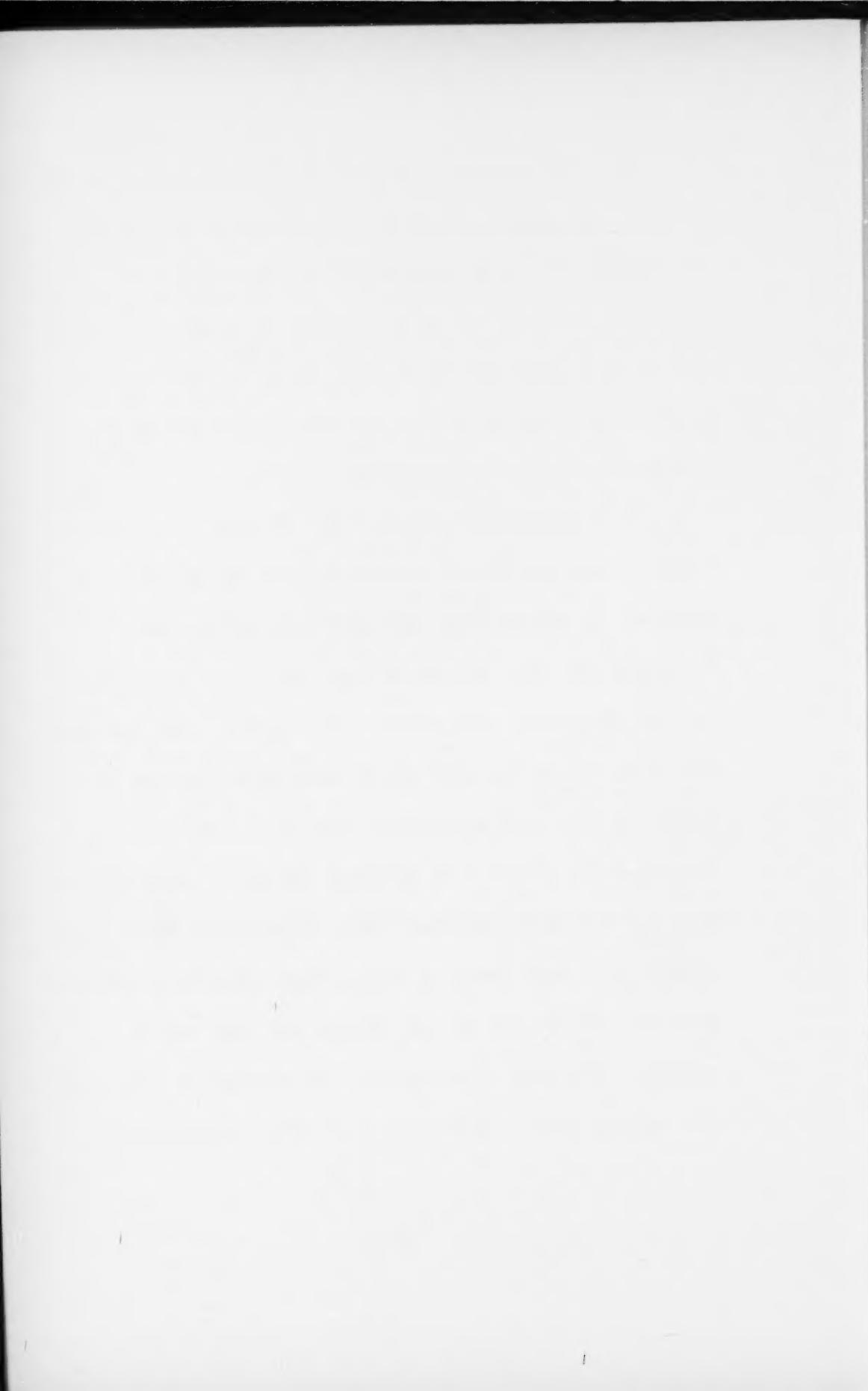
Now comes Robert A. Pontarelli who under oath deposes and says as follows:

1. I reside at 455 Greenbush Road, Warwick, RI.
2. That I have known Attorney Hull since 1978.
3. That in August 1980, Attorney Hull's 1980 Mercedes 450 SL was involved in a motor vehicle accident in Attleboro, Mass.
4. That during the course of repairing the said vehicle, it was agreed between Attorney Hull and myself that because of the length of time necessary to receive parts from Germany, he could retain the insurance check and he would pledge his stock (25 shares) in Capron Associates, Inc., his law office building which also was owned by Edward F. Casey and others. This pledge agreement was given to me by Attorney Hull in November 1980 to secure the auto's repairs.



5. Subsequent to my receiving the said pledge of stock from Hull, I personally in December of 1980 appeared at Edward F. Casey's office at 224 County Street, Attleboro and advised him that I had voting rights and desired to be notified of all future corporate meetings.

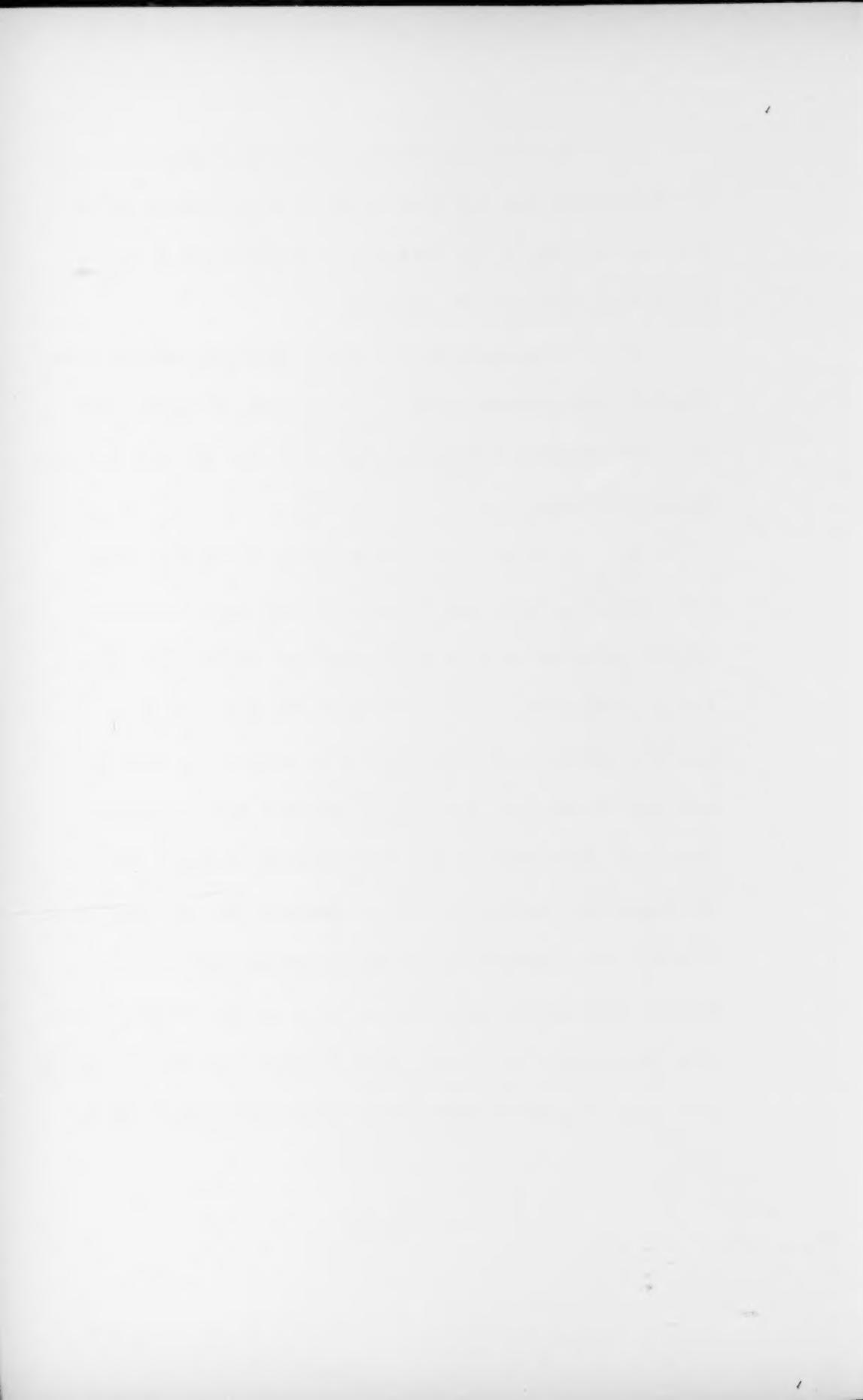
6. Attorney Edward F. Casey advised me that Attorney Hull was removed from the office of President of the Corporation because of his bizarre and erratic behavior on, I believe, November 10, 1980. He further advised me Attorney Hull was not paying his rent to the corporation for his law office located at said 224 County Street, Attleboro and he further stated that Attorney Hull was crazy and may have a drug dependence problem and welcomed me as an owner of the said stock. An new "co-owner" although I was not the owner but only had a pledge agreement.



7. My future wife, Rhonda Kopecky, accompanied me on the above-mentioned date and is witness to this conversation with Attorney Edward F. Casey.

8. Subsequently, Hull defaulted on the pledge agreement and I received a judgment for the motor vehicle repairs in Rhode Island Superior Court.

9. I then encountered a dispute with the corporation as to my being a bonafide owner of the stock and had on occasion in late 1982 met with the son of Edward F. Casey, Edward J. Casey, who was the clerk and/or director of said Capron Associates, Inc. to determine if the stock ledger was changed to reflect me as owner of the said 25 shares of Capron. We discussed Attorney Hull, his problems, etc. his suspension from the practice of law, his financial difficulty and his bizarre behavior and possible drug use.

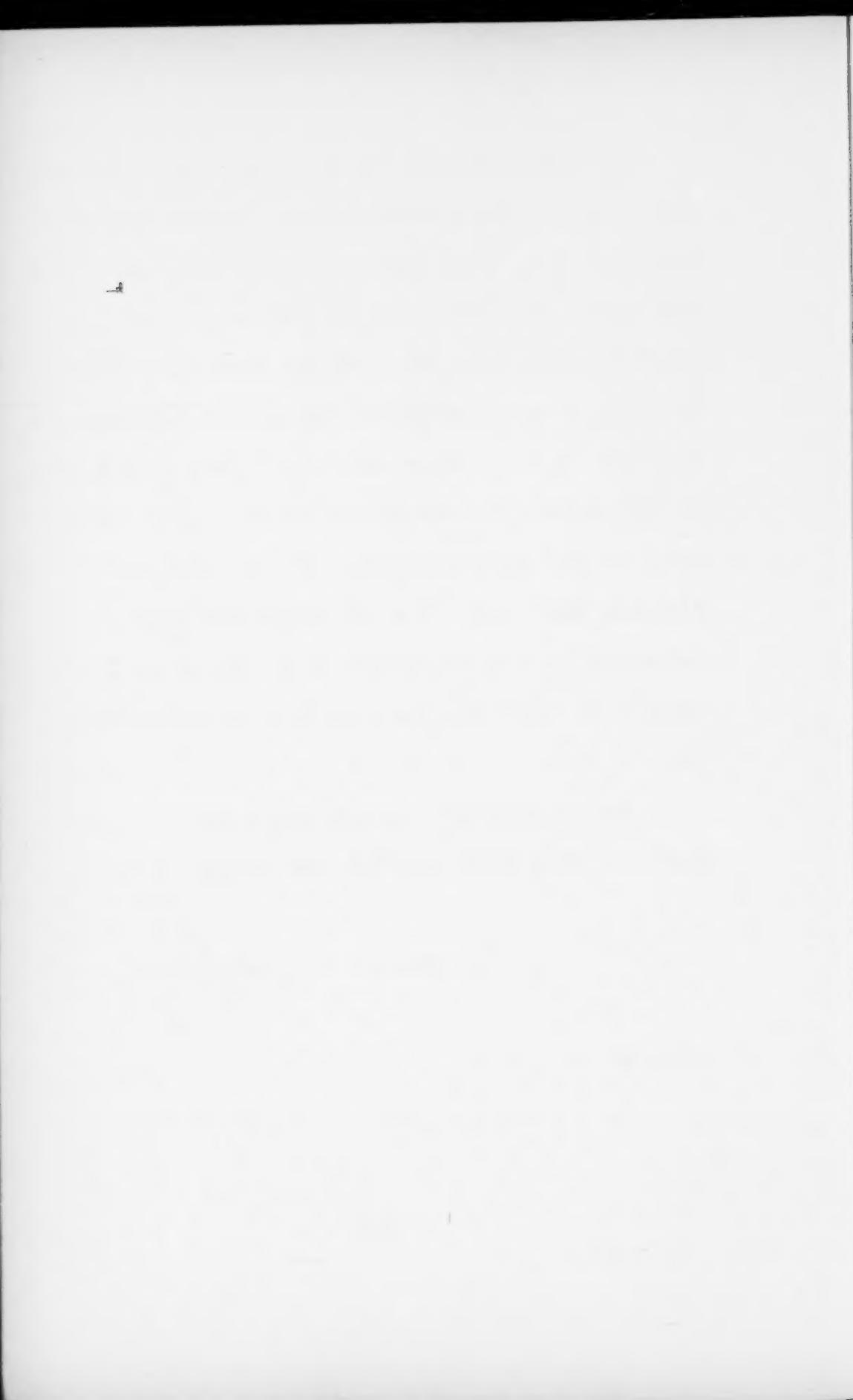


10. The dispute with Capron Associates, Inc. lead to my commencing a lawsuit against Attorney Hull and Capron Associates, Inc. and the other stockholders to establish my ownership in Case No. 140300 Superior Court, Norfolk County, Massachusetts and Judgment entered in that case whereby I was recognized as the owner of the stock which I thereafter sold to the corporation. At no time did Michael Hull sell his 25 shares or any interest in Capron Associates, Inc. to the Caseys or directly to the Capron Associates, Inc.

Sworn to under pains and penalties of perjury this 10th day of February, 1986.

/s/Robert A. Pontarelli

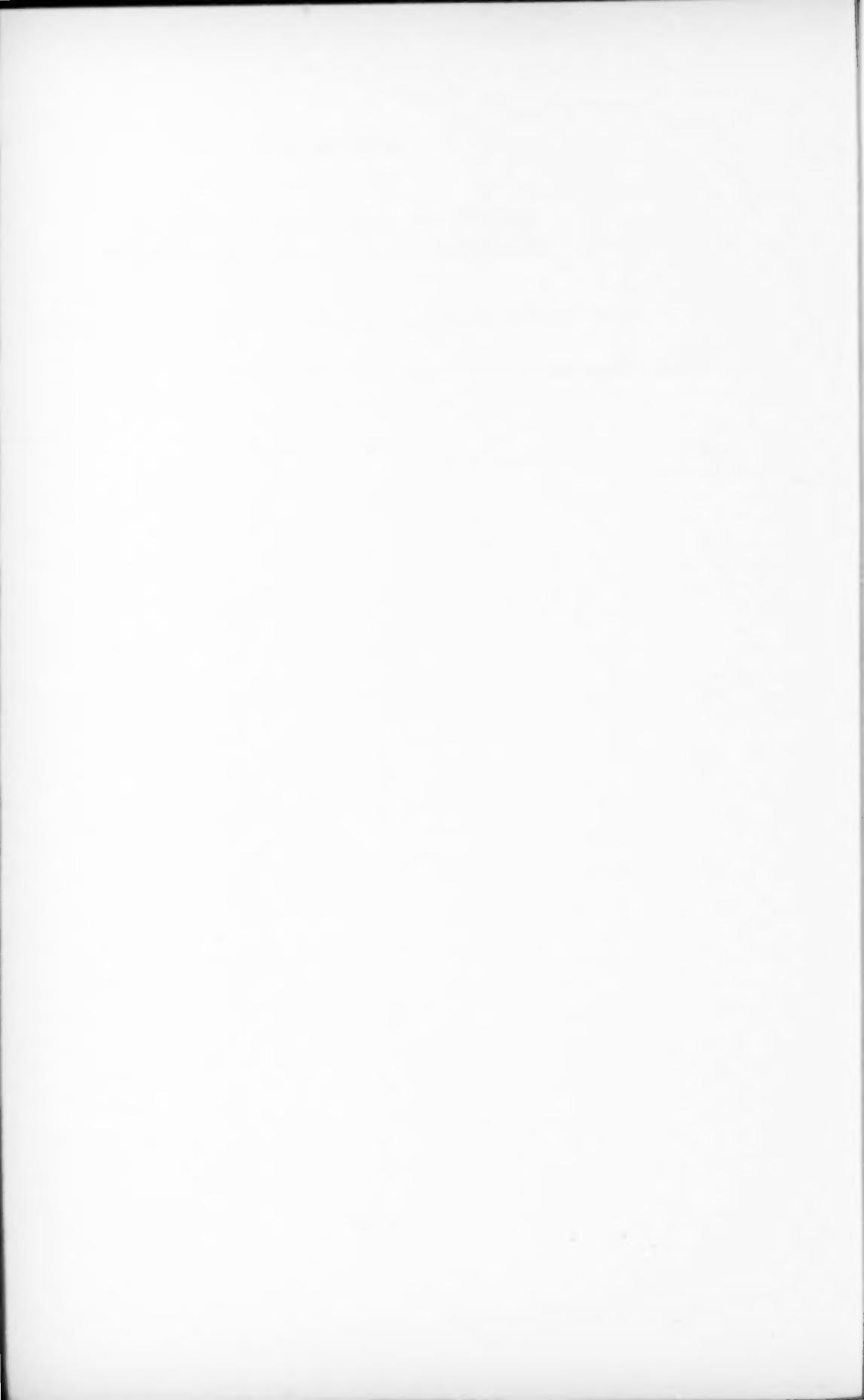
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APPENDIX F

EXCERPTS FROM DEPOSITION OF
MICHAEL T. HULL at pp. 98-99

Now comes Robert A. Pontarelli who under oath deposes and says as follows:



APPENDIX F

EXCERPTS FROM DEPOSITION OF
MICHAEL T. HULL at pp. 98-99

Q Do you know of any facts that would cause you to believe the bank knew you had a medical problem?

A Yes. I spoke --

Q Before the indictment?

A Yes.

Q Before the indictment?

A Yes. They spoke to Dick Costa.

Q I'm talking about before the indictment in August.

A Yes.

Q I thought Dick Costa talked to them while you were in Westwood Lodge?

A He talked to them before that.

Q What did he say?

A Many times, three, four, five times, I think.

Q What did he say to them?

A I don't know, but he told me, recently. He was with me -- in fact, he was the one that got me permission to go on the property. They wouldn't let me go in to get my clothes.

Q This was in August of '82?

A That's right. He represented G.E., and, um, I think he had a key to the place. He was taking care of the place after G.E. purchased it, but he had a key before that, or made arrangements to show the property.

Q You think he told the bank that you were mentally ill?

A He told the bank. Yes, definitely.

Q He told the bank you were mentally ill?

A He definitely told them. No question about it. He might have characterized it as, "This guy isn't playing with a full deck," or, "He's crazy"; not that he's "mentally insane."